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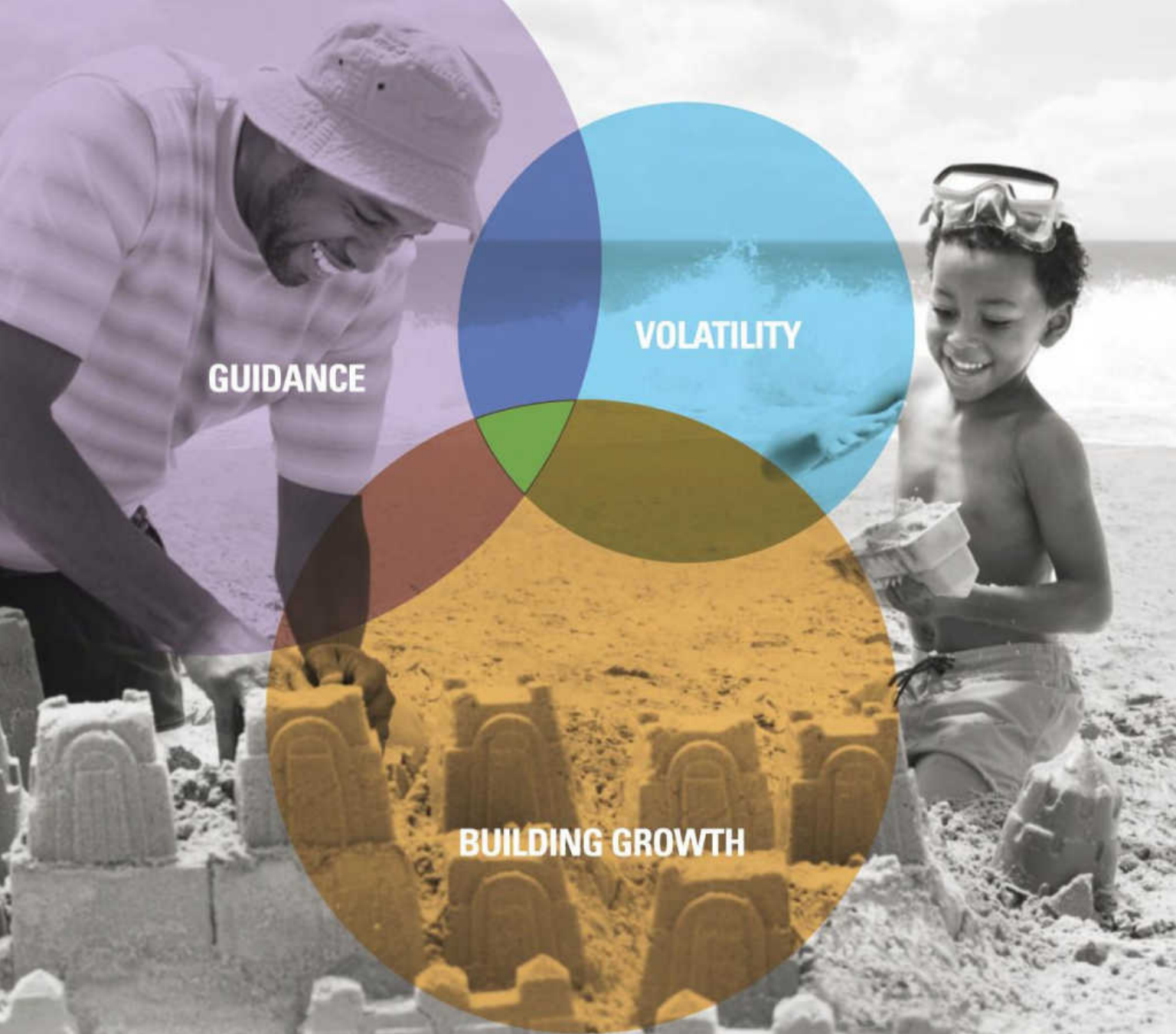
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No. 34

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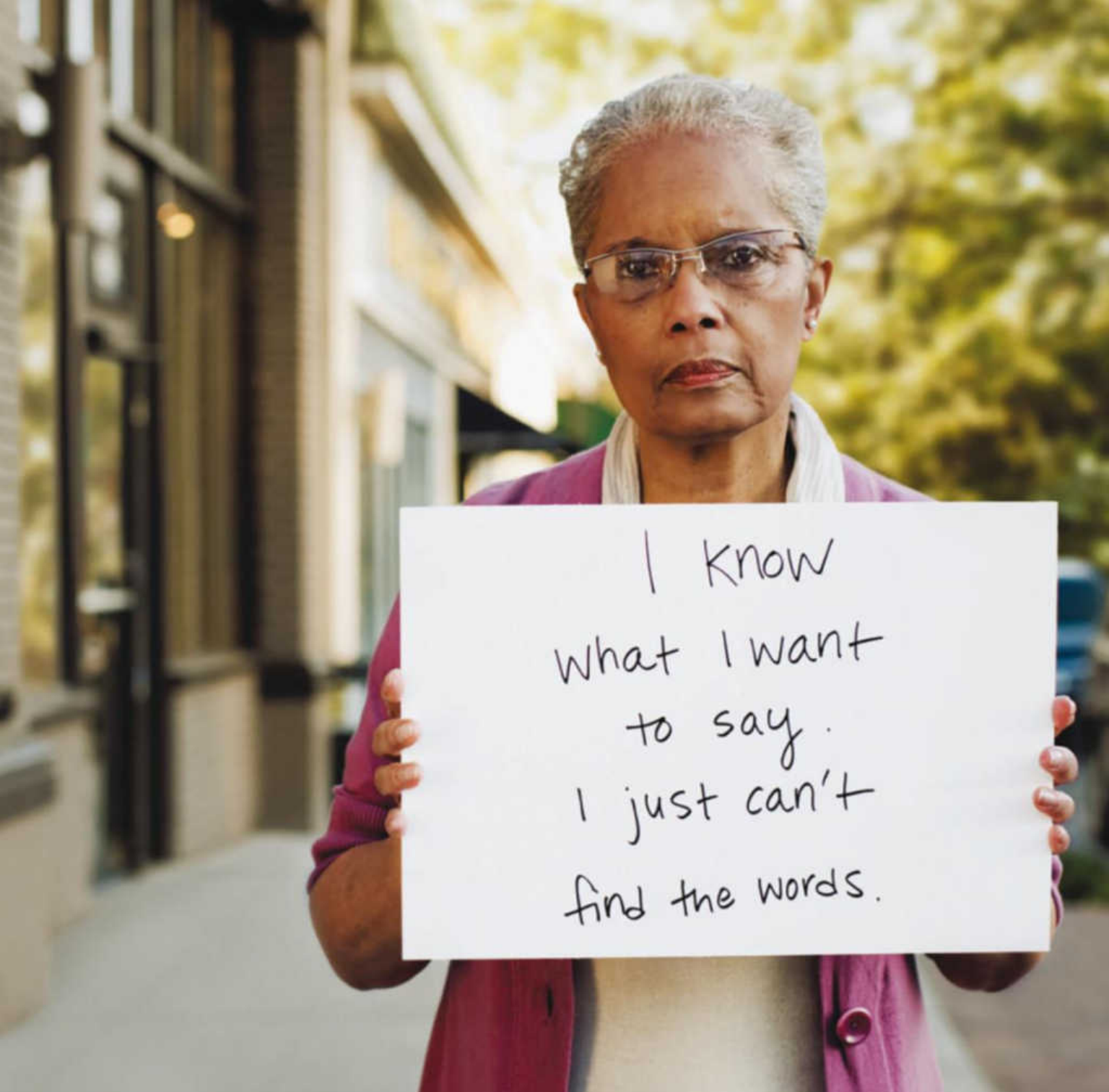
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what I want
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If the Shoe Fits...

Re “The Zappos Experiment” [March 15]: What a bunch of New Age touchy-feely hokum. CEO Tony Hsieh thinks he can remake his business by switching people from jobs to “roles,” where they can’t be forced “to do anything they don’t want to do”? Tony, pull your head out of your patootie before Jeff Bezos cuts it off. You’re a shoe salesman. Get over yourself!

Boomer Anderson
Georgetown, Texas

Dress it up however you like, but Hsieh is just a kinder, gentler autocrat. With 29% staff turnover in one year, he’s renting a culture, not building one.

Jess MacCallum
Columbia, S.C.

Net Worth of a Man

With regard to your May 1 story “Business the Trump Way,” you did not include (as a major heading) that the presidential candidate frequently does not pay people as promised for work they do for him, or his companies declare bankruptcy, etc. I think that style of doing business may pose problems in running a country.

Ronald S. Baner, M.D.
Philadelphia

There are five themes to your piece on Donald Trump—all negative. And one very unflattering picture. Couldn’t you think of anything positive to say about the man?

Steve Lindner
Texas

Elephant in the Room

“How the GOP Can Pick Itself Back Up” (May 1) points out how the party has stuck with certain policies—specifically, tax cuts for the rich

and additional trade deals—even after they failed to resonate with voters. Some people have claimed conservative policies are often based more on ideology than facts, and that might help explain why the party has stood behind these stances in spite of voter disapproval. The most important questions now are, Will the GOP keep the same platform going forward? Will this work?

Charles L. Bovaird II
Boston

On-the-Job Fun

Regarding the perks detailed in “My Year in Startup Hell” (April 1): I joined London Life Insurance in 1957. In addition to an excellent cafeteria, we had use of a lounge with a large (for the day) TV, a reading library, billiards tables, a health department, and a bowling alley in the basement. By the ’60s, however, most companies discontinued this

treatment because it seemed somewhat manipulative. But, lo and behold, perks like climbing walls are back!

Robert Liley
Vancouver

Efficiency Plateau

Thank you for “We Were Promised a 20-Hour Workweek” (April 1). Economists (and magazines) focus on productivity gains as something good. Improved productivity can reduce costs, and many companies pass those along to customers in the form of cheaper cars, electronics, etc. But lower prices can also reduce company revenue and profits, resulting in wealth destruction, not wealth creation. At least your image of a bike rider on an endless

treadmill going nowhere is appropriate.

Mark Foley
Tokyo

CORRECTIONS

In “The 25 Most Important Private Companies” [June 1], we misstated the return on Sequoia Capital’s investment in WhatsApp. The firm saw a 157-fold return. In “Connecting the Dots on Cancer” [May 1], we misstated A. James Moser’s name and title. He is co-director of the Pancreas and Liver Institute and director of the Pancreatic Cancer Research Institute at Beth Israel Deaconess Medical Center. In “Startup: Iran” [May 1] we identified Said Rahmani as having previously worked for IBM in the U.S. In fact, he was with IBM in the U.K.

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Lessons From the *Fortune* 500



THE *FORTUNE* 500 emerged a bit battered from events of the past year. The poor performance of energy companies, in particular, took its toll, as did the flight from public markets by companies like Safeway and PetSmart—and the flight from the country by the likes of Chubb, Allergan, and TRW.

But the list remains the benchmark of business success, with total revenues equaling two-thirds of U.S. GDP. As ever, the *Fortune* 500 represent the bulk and the breadth of American, and global, business.

Once again this year, we have surveyed the CEOs of the 500 and present their responses throughout this issue. They still cite the rapid pace of technological change as the top challenge facing their companies. But concern about increased regulation has risen to a strong second place, and cybersecurity now ranks a solid third.

And what about the presidential race? While CEOs are normally a Republican-leaning species, this year 58% say Hillary Clinton would be the better candidate for their companies, while only 42% chose Donald Trump.

Some other takeaways:

ALAN MURRAY
Editor

[@alansmurray](#)

They are all technology companies now ...

Okay, maybe not all, but 72% of the *Fortune* 500 CEOs who answered our survey agree with the statement, “These days, I consider my company to be a technology company.” [See my story on dental-supply company Henry Schein on page 162.]

... and change is hitting faster than ever.

A full 97% say their companies will change more in the next five years than in the past five years; 62% “strongly” agree.

Profits and revenue were down in 2015 ...

They had \$12 trillion in aggregate revenue [down 4.2% from the previous year] and \$840 billion in profits—down 11.1%.

... yet employment increased.

The *Fortune* 500 employ 27.9 million people worldwide, up 4% from last year.

That, of course, means productivity declined.

At \$430,000, revenues per employee were the lowest they have been since 2011.

They are sanguine about the next 12 months ...

Nearly half [49%] of

responding CEOs think the outlook for the global economy in the next 12 months is “about the same” as the past 12, while 31% think things will be better, and 20% say it will be worse.

... and they expect to do some hiring.

Some 70% said they will employ more people two years from now; only 14% said fewer.

Racial and ethnic diversity among this elite group is increasing [slightly] ...

There are five African-American CEOs in the 500, up from four last year, and 73 foreign-born CEOs, up from 71.

... but gender diversity is not.

Only 21 CEOs on the list are female, down from 24 last year. Xerox CEO Ursula Burns’ recent announcement that she’s giving up the title will be a hit to both racial and gender diversity.

They like Winston Churchill.

When asked to name the leader of all time they most admire, Churchill won top honors. Ronald Reagan and Abraham Lincoln tied for second place. Genghis Khan got one mention.

OUR COVERAGE OF THE *FORTUNE* 500 BEGINS ON PAGE 93. ENJOY!

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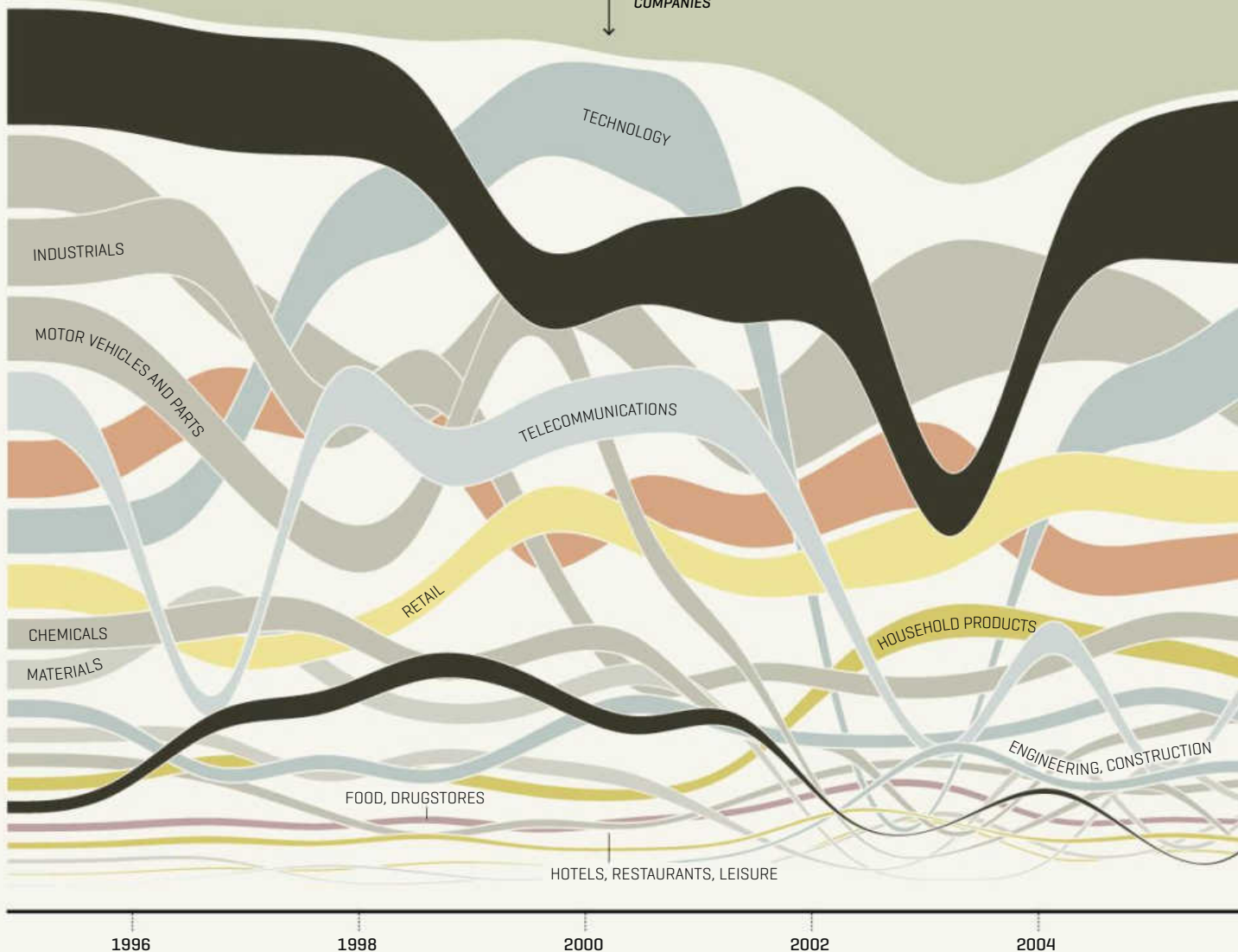
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CLOSER LOOK

THE SOURCES OF THE FORTUNE 500's FLOW OF PROFITS

THE WIDTH OF EVERY SECTOR SHOWS ITS CONTRIBUTION TO THE TOTAL PROFITS GENERATED BY THE 500 COMPANIES

FINANCIALS



DATA VISUALIZATION BY NICOLAS RAPP

DATA ANALYSIS BY SCOTT DECARLO

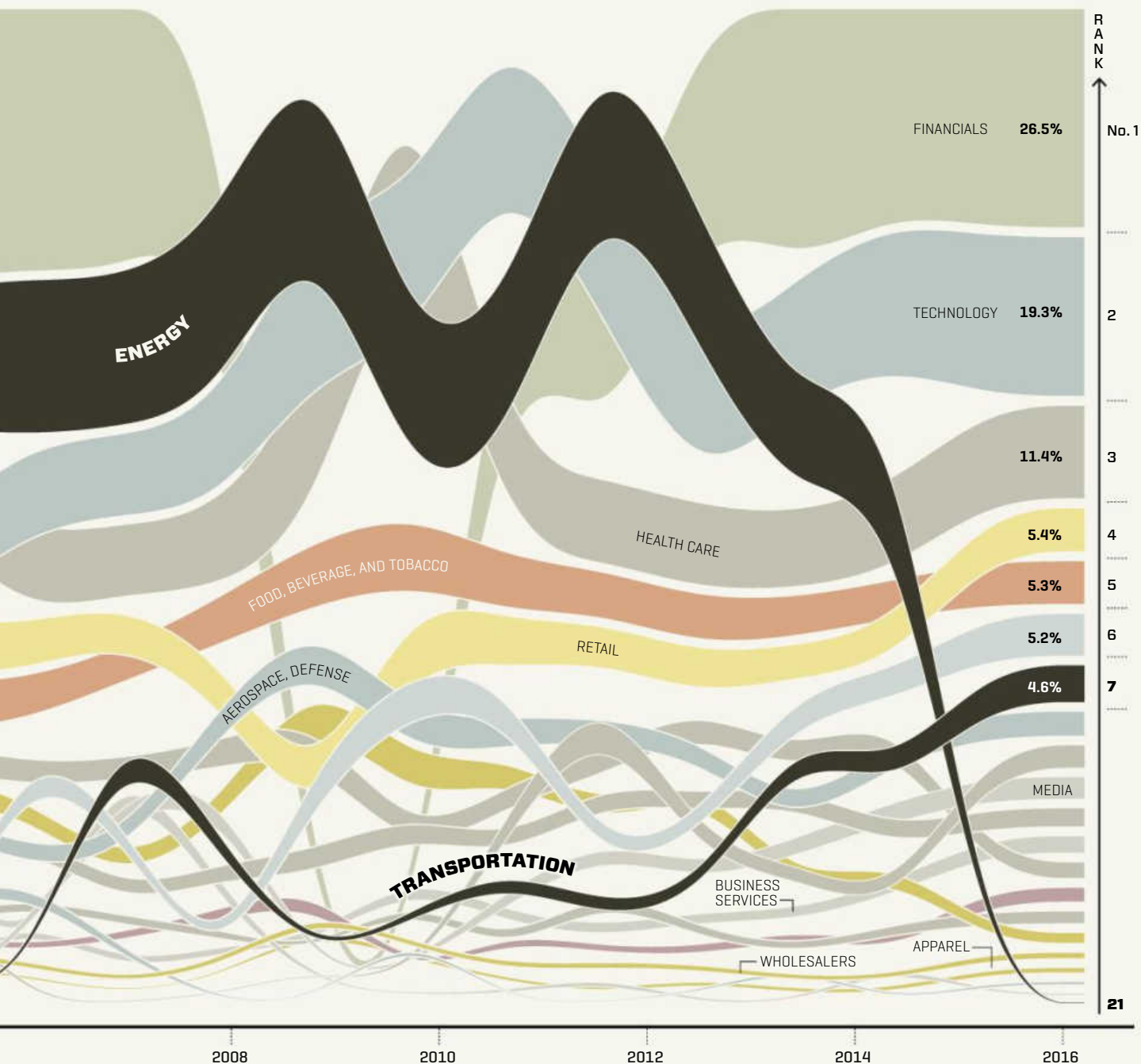
500 PROFITS RUN OUT OF GAS

By Shawn Tully

THERE ARE A FEW EVENTS that have had profound impacts on the landscape of American business: The tech meltdown following the turn of the century is one, as is the financial crisis that struck half a decade later. Now we're witnessing another: the collapse in the price of oil and virtually all other commodities—a convulsion that sent earnings for the *Fortune* 500's energy sector into a wrenching reversal, with reverberations through every major industry.

The leading names in fracking, heroes of America's energy revolution, today are gushing losses, and two of the 500's perennial top

IN THIS GRAPHIC, NEGATIVE PROFITS ARE SHOWN AS MAKING UP 0% OF THE TOTAL. SECTORS WITH NEGATIVE PROFITS WERE THE ENERGY SECTOR ON THIS YEAR'S *FORTUNE* 500 LIST; CHEMICALS IN 2003; ENGINEERING AND CONSTRUCTION IN 2008 AND 2009; FINANCIALS IN 2009 AND 2010; MATERIALS IN 2002, 2003, 2009, AND 2010; MEDIA IN 2002, 2003, 2005, AND 2009; MOTOR VEHICLES IN 2002, 2003, AND 2006 TO 2009; TECHNOLOGY IN 2002 AND 2003; TELECOMMUNICATIONS IN 1996, 2003, 2005, AND 2008; TRANSPORTATION IN 2002, 2003, 2005, 2006, AND 2009; AND WHOLESALERS IN 2003.



moneymakers, Exxon and Chevron, just delivered their lowest profits in more than a dozen years. Yet as this year's list demonstrates (see our full package of features, starting on page 93), the oil story isn't a disaster for all. It's a tonic for industries that suffered from high-priced fuel, including airlines, truckers, automakers, hotel chains, and homebuilders. "The pain is extremely concentrated," says Mark Zandi, chief economist at Moody's Analytics. "The benefits are widespread."

The profits of the companies in the *Fortune* 500 this year provide a striking illustration of the interplay between losers and winners. After garnering total earnings of \$116 billion in 2014, the energy companies on this year's list had combined losses of \$44 billion, after a stunning \$660 billion drop in sales, or 33%, year over year. By contrast, the leading sector for profits, in a back-to-the-future switch, is the finance industry. After its earnings turned sharply negative in 2008, the category (encompassing banks, insurers, and Wall Street firms) regained the top spot in 2012 and stayed there, accounting for 26.5%

of *Fortune* 500 profits for 2015. Record-low interest rates have prevented the industry from quite matching its pre-crash peak, but cost reductions and a substantial decline in defaults have padded balance sheets.

The 500's rising star is JPMorgan Chase, which lifted earnings 12.3% last year, to \$24.4 billion, replacing Exxon as the list's second-biggest earner. The top spot went to Apple, flush from soaring sales of its iPhone 6. It was Apple's spectacular performance (2015 profits: \$53.4 billion, an increase of almost \$14 billion) that propelled the tech sector to its best year ever, registering 19.3% of the 500's earnings and maintaining its second-place ranking. Health care, snatching the third slot from energy, also notched a record as the aging of America and a parade of breakthrough therapies swelled earnings for biotech leaders Gilead (49.6%), Amgen (34.5%), and Biogen (20.9%).

All told, the oil price crash shaved \$105 billion off the 500's total earnings, which fell 11.1% from last year. But America's companies remain robustly profitable by historical standards; 2015 earnings were 7% of sales, far above the 5.7% average of the past two decades. That's down from recent years' outside margins, which reached a record 8.9% in 2013 and are likely to keep shrinking

as a tightening labor market finally forces companies to raise wages and businesses reach the limits of gains from slashing costs.

Tanking oil prices have some clear upsides. The slump has been a boon for U.S. consumers, filling their pockets with an estimated \$400 billion in extra cash. Americans are spending much of that on big-ticket items, notably cars and houses. In 2015, GM and Ford lifted their profits by 145% and 131%, respectively. Homebuilders D.R. Horton and Lennar posted big profit gains of 41% and 26%, respectively. And the home-improvement sector is thriving, with Home Depot profits climbing 10.5%, to a record \$7 billion.

But more than any other, the industry that's taken off on the wings of cheap oil is airlines. Typically fuel accounts for about a third of airlines' operating expenses. Last year it dropped to just over one-fifth. From 2014 to 2015, fuel costs for the Big Four airlines fell from \$41 billion to \$25 billion. That helped multiply total earnings almost fourfold from 2014, to \$21.7 billion, with American Airlines up 164%, United rising 548%, Delta up 587%, and Southwest gaining 92%.

This year, as with other come-to-God moments in recent economic history, the makeup of the largest U.S. companies has shifted. In both the dotcom bust and the financial crisis, cataclysms in a single industry decimated *Fortune* 500 profits. But this time corporate America has shown remarkable resilience. It's a dramatic story that the 2016 500 list tells in vivid detail. **IT**

FORTUNE 500 CEO SURVEY

WE POLLED FORTUNE 500 CEOs TO FIND OUT WHAT THEY THOUGHT ABOUT BUSINESS, BOOKS, AND THE WORKPLACE. HERE ARE SOME RESULTS:

TRUMP ANXIETY

58% OF FORTUNE 500 CEOs SURVEYED PREFER HILLARY CLINTON FOR PRESIDENT; 42% WANT DONALD TRUMP.



BEST ADVICE

IF THE NUMBERS DON'T MAKE SENSE, THE STRATEGY DOESN'T MAKE SENSE.

DON'T BELIEVE YOUR OWN PRESS CLIPPINGS.

SPEND YOUR TIME ON THE IMPORTANT, NOT THE URGENT.

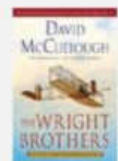
NOTHING WRONG WITH GETTING RICH SLOWLY.

ALWAYS ACT AS IF YOUR WORDS ARE BEING RECORDED AND WILL BE PLAYED BACK TO A JURY LATER.

FAVORITE READS



ELON MUSK: TESLA, SPACEX, AND THE QUEST FOR A FANTASTIC FUTURE BY ASHLEE VANCE



THE WRIGHT BROTHERS BY DAVID MCCULLOUGH

| THE 500'S FIVE MOST PROFITABLE COMPANIES | | | 1-YEAR CHANGE |
|--|-------------|----------------|---------------|
| APPLE | 2015 PROFIT | \$53.4 billion | 35.1% |
| JPMORGAN CHASE & CO. | | \$24.4 | 12.3% |
| BERKSHIRE HATHAWAY | | \$24.1 | 21.2% |
| WELLS FARGO | | \$22.9 | -0.7% |
| GILEAD SCIENCES | | \$18.1 | 49.6% |

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How To Keep The Inspiration Simmering In Your Business (And The Hassles Down)



Many small business owners dream of emulating great entrepreneurs like “Queen of Soulfood” Sylvia Woods, founder of Sylvia’s Restaurant, as they demonstrate their culinary flair in their own eateries. They often discover that to keep their focus on doing what they love—rather than the nitty gritty details of operations—they have to have an affordable merchant services plan they trust. Here are tips on how to find the right one. >>>

Go with a brand you trust. Finding the right merchant services provider to process your credit card transactions can be tough, given the multitude of providers. Sign with an unknown company and you could get locked into a contract that obligates you to pay hefty processing fees for the duration or charges exorbitant rates if you need to switch plans. Opting for a well-known merchant services brand with a track record of treating merchants fairly can save you many hassles in the long run.

Read the fine print. If you’re new to the business world, merchant services contracts may seem confusing. Make sure you ask questions about any terms you don’t understand before you sign. A good provider will be happy to educate you and help you find the plan that is best for your type of business and the type and volume of transactions you do. The right plan will keep your processing costs to a minimum.

Look for time-saving features. When you’re running a small business, it’s hard to keep up with daily details such as tracking inventory and accepting payments. Many owners find that purchasing a merchant services plan that offers business solutions to address these tasks will simplify their operations. Why invest in multiple software packages when you can use a one-stop solution?

Make your dollars go further. Some merchant services providers offer valuable extras, so shop around for one that offers freebies you need. For instance, Clover, a First Data Company, offers a complimentary first year Sam’s Club membership.* Sam’s Club allows its members—who include many entrepreneurs in restaurants and food-related businesses—to stock up on inventory and supplies they need at discounted prices.



SERVICES FOR SUCCESS

Sam’s Club knows it can be overwhelming to run a business. So with a Sam’s Club membership, you can count on us to be your finder, negotiator and advocate. Here’s how.

◆ MERCHANT SERVICES

First Data company **Clover** lets you accept more payments, more securely. It lends access to solutions that simplify operations like inventory tracking in one package.

◆ TRAVEL ASSISTANCE

In one quick call, **Sam’s Club Travel** can arrange travel, from last-minute airport transfers to hotel discounts, with free 24/7 access to business travel experts and concierge services. Call 1-888-345-4356.



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*The Free Membership offer is available to qualifying merchants who (1) purchase a Clover Station, Clover Mini or Clover Mobile Solution and establish and activate a new Sam's Club Merchant Payment Processing Program account or (2) establish and activate a new Sam's Club Merchant Payment Processing Program account. Offer valid only for new First Data customers and new Sam's Club Business Members. New merchant account is subject to credit approval and requires merchant acceptance of applicable terms and conditions. Sam's Club Membership activated in club only. Free Sam's Club membership is only for first year and subsequent year renewal costs will be at the regular rate. Additional restrictions and conditions may apply. Offer expires 12/31/16 or while supplies last. Offer subject to change without notice.

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MACRO

CHEAP OIL IS SLICK ... THE ROAD TRIP IS BACK

AMERICANS are driving more than ever. Miles traveled jumped 3.5% in 2015 from the year before, hitting an all-time high, according to the Department of Transportation. This year, early indicators show that more people traveled on Memorial Day than have since 2005 (80% of them by car). And 64% of people are planning on taking a road trip this summer.

Why the yen for the open road? Travel has been increasing for a while now, as the

economy improves and gas prices linger around 10-year lows. Road travel for leisure has outpaced even air travel over the five years through 2014, with a 9% uptick, according to Euromonitor.

That's good news for more than just drive-through restaurants. Five times as many recreational vehicles (e.g., fold-up trailers and campers) were sold in 2015 as in the depths of the recession. Campsites are also getting a boost. According to the 2015 North American Camper Report, the proportion of households that camp on occasion has jumped six percentage points since 2012, to 44%. Expect summer traffic jams to increase proportionally.
—Lauren Silva Laughlin



Airstream trailers are enjoying a post-recession resurgence.

... AND CAN CAUSE A SLIDE VENEZUELA BY THE NUMBERS

Inflation in Latin America's sixth-most-populous country is so severe that the government can't afford the paper required to keep printing money. Drought, political mismanagement, and a drop-off in oil revenue have driven shortages of essentials like power, water, and medicine.

30

Minutes the government pushed the official time forward, to maximize daylight and blunt the blow of power shortages.

5

Days in the weekend for public-sector workers.

1,032

Number of bolivares one dollar can buy on the black market, up from eight in 2010.

-8%

Amount the economy is projected to shrink this year, according to IMF estimates.



The U.S. armed forces are stepping up their cyber capabilities.

SECRET'S OUT

THE COMPUTER WARS HAVE ALREADY BEGUN

NEW DISCLOSURES SHOW HOW DIGITIZED MODERN WARFARE HAS BECOME. BY ROBERT HACKETT

PICTURE THIS: A supporter of the Islamic State gets a chat message. It's from a top commander, and it instructs the man and his fervent cohort to meet outside the city of Tel Osqof, 20 miles north of Mosul, at 7 a.m. "May God be with you, my brothers," the leader signs off.

But when the recipient gets to the rendezvous, he's greeted by an ambush. Air strikes. Gunfire. Chaos. Collapse.

Here's what happened: That message from a trusted

conspirator? It turns out an adversary fabricated it. Foreign agents hacked the commander's accounts, hijacked his persona, and mimicked his mannerisms to sell a rebel battalion on a phony order. When the supporter showed up at the meeting spot, military forces were already there.

This imagined scenario gives you a sense of the kind of digital deception the U.S. may be using to take down terrorist groups like ISIS (also known as ISIL). But until this spring it was hard to confirm that those tactics existed at all.

Earlier this year, Secretary of Defense Ashton Carter released the first details about the nation's offensive cyberwar efforts. He revealed that the armed forces' cyber branch had been tasked with "what's really its first wartime assignment," against ISIL. No official in his position had spoken so openly about the subject. And while

WHAT ONE EXPERIMENT MEANS TO EVERYONE'S RETIREMENT.



The time between when people should start saving for retirement and when they actually do is known as the “Action Gap.” And it has a bigger effect than you might think.

To better understand the impact, we performed a simple experiment. We asked a group of young people to use paint rollers to show us what age they think they should start saving. Then we asked a group of older people to indicate what age they actually *did* start. What we found was that there was often a years-long Action Gap between the two. But closing it up by even just a few years makes a huge difference in how much people can save over the long run. Which makes right now the perfect time to get better prepared for your retirement.

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“RIGHT NOW IT SUCKS TO BE ISIL. WE’RE DROPPING CYBER BOMBS. WE HAVE NEVER DONE THAT BEFORE.”

Deputy Secretary of Defense Robert Work

there are still only vague details about what those operations might look like, experts have suggested that the trick described above, a kind of terrorist catfishing project, is one among many increasingly common cyber tactics the U.S. government is using to target ISIL agents.

So common, in fact, that Fred Kaplan, author of *Dark Territory: The Secret History of Cyber War*, estimates that such baiting and other NSA-assisted surveillance methods helped claim 4,000 insurgent lives during the Iraq War in 2007 alone. And the effects reach beyond combat zones. Network sabotage isn’t “just an act of reducing numbers on the battlefield,” Kaplan says, “but about messing with them psychologically.”

Specifics are sparse and closely guarded. “As a matter of policy and to preserve operational security, we do not detail our tactics, techniques, and procedures,”

says Lt. Col. Valerie Henderson, a Defense Department spokesperson.

Some say that this historical secrecy has led to a lack of understanding, with political implications. “One of the reasons our policy ideas are so immature is because we keep so much of this secret from so many people,” Michael Hayden, former head of the NSA and CIA, tells *Fortune*. “Private industry doesn’t talk about it for liability reasons, and government won’t talk about it for security reasons.”

But that’s starting to change—partly because of political pressure to thwart terrorism and partly because of the nature of the enemy, an almost universally reviled terrorist group. Some officials are more open than others: “Right now it sucks to be ISIL,” Deputy Secretary of Defense Robert Work put it provocatively earlier this year. “We’re dropping cyber

bombs. We have never done that before.”

These new admissions are a milestone, although evidence of cyber tactics has been around for a while (including a hacking campaign allegedly orchestrated by the U.S. and Israel to knock out Iran’s nuclear program). “The announcement that we were conducting a cyber offensive on ISIS is a really big deal,” says Peter Singer, a senior fellow at New America, a D.C. think tank. “It’s a key moment in what I describe as the normalization of cyber warfare.”

Indeed, today the U.S. Cyber Command, a six-year-old military branch with plans to expand its headcount to 6,000 this year, is beginning to show its might. Similarly, the Pentagon would no doubt like something to show for its \$6.7 billion 2017 line-item request for cyber “capabilities”—including contracts that could end up with the likes of Lockheed Martin,

Raytheon, Harris Corp., and Northrop Grumman, in addition to other, smaller players in an emerging computer combat industry.

However, despite all the digital-assault advances, no one (to our knowledge) has been killed solely by a cyber operation, Singer says.

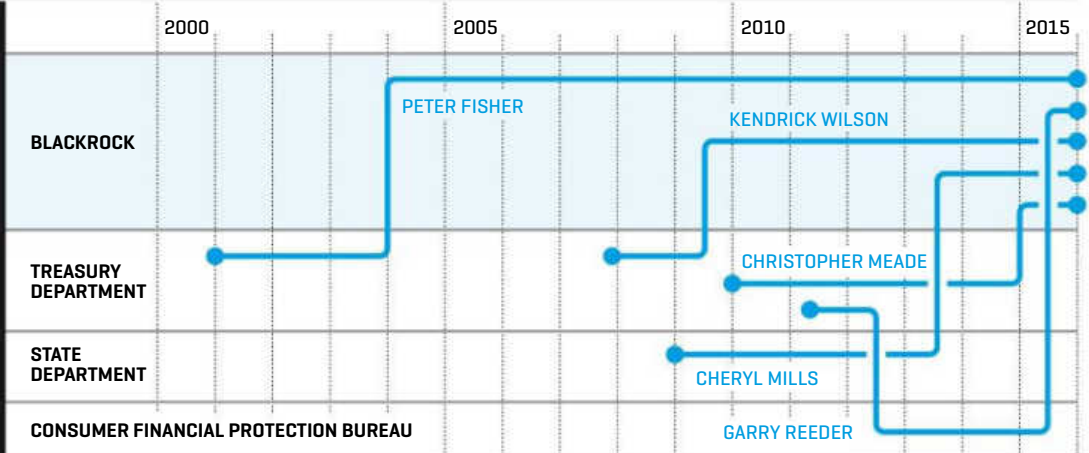
War craft is still dominated by bombs and bullets, and urban populations have been spared from total power-grid failure (with the exception of an attack on a utility in Ukraine that may signal what’s to come). It’s behind the scenes that the hacker’s toolbox—network implants, data dragnets, intercepted communications, disrupted cell towers, compromised microwave relays, subverted satellites—increasingly provides the props that articulate the newest theater of war. The infrastructure of the Internet is combat-ready.

Welcome to the World War Web.

REVOLVING DOOR

BLACKROCK IS THE NEW GOVERNMENT SACHS

For years Goldman Sachs’s connections to government [it produced two Treasury secretaries] drew ire and envy, but today it’s BlackRock that seems to be in tight with Treasury and State.
—Stephen Gandel



WILSON LEFT THE TREASURY DEPARTMENT IN JANUARY 2009 BUT DID NOT JOIN BLACKROCK UNTIL JANUARY 2010. MILLS IS ON THE BOARD OF DIRECTORS AT BLACKROCK. SHE IS ALSO THE CEO OF BLACKIVY AND AN ADVISER TO THE CLINTON CAMPAIGN.

MICHAEL FRIED—GALLO IMAGES/GETTY IMAGES

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Elizabeth Holmes
Founder & CEO,
Theranos

Seeking

Executive assistant
to the CEO

Chief medical
officer

Head of research

President and COO

Miracle

HELP NEEDED
**THERANOS IS
HIRING!**

ELIZABETH HOLMES, founder and CEO of embattled blood-testing company Theranos, could use an assist right about now—and it seems she’s in the market for one...or at least a new executive assistant. Theranos posted the job opening on LinkedIn in May, around the same time word came down that it reportedly voided its past two years of test results on its proprietary machines and corrected records for thousands of other tests. In addition, its president and COO, Sunny Balwani, “retired” at age 50. You can apply for his old position too—if job security isn’t a concern. —*Dan Primack*

BEIJING CLIMBING

DON'T LOOK NOW, BUT CHINA IS DOING PRETTY WELL

REPORTS OF THE DEATH OF ITS ECONOMY HAVE BEEN GREATLY EXAGGERATED.

BY CHRIS MATTHEWS

THERE ARE few mysteries more confounding to the modern investor than the Chinese economy. Official statistics are so mistrusted and government intervention so rampant that analysts can't agree on how fast the economy is growing

or whether shifts in economic activity are evidence of private-sector strength or bureaucratic meddling.

Last summer's 40% decline in the Shanghai Composite stock index, followed by steadily declining official growth statistics, has added credibility to the argument that China's economy is a punctured bubble, inflated by debt and government-sponsored investment and quickly heading toward collapse. Cue widespread panic over China and emerging markets in general.

But as much as this “hard landing” theory has gained adherents over the past year, a collapse has yet to come. Carl Weinberg, chief economist at consultancy High Frequency Economics, calls for a little perspective when it comes to the country. The indicators that bears find so damning (industrial sec-

tor stagnation) can also be interpreted as evidence of an economy experiencing a humdrum cyclical downturn and of China's transition from a manufacturing-based economy to a wealthy, services-driven one. “What G-7 country wouldn't trade its growth rate for China's?” he asks, pointing out that even the most pessimistic estimates of Chinese GDP growth are twice that of the U.S.

Meanwhile, there are encouraging signs from credible sources that China's economy is still strong. One stunning sign of how much cash China's economy is producing is the fact that the country continues to export \$1 trillion in capital a year. That means Chinese investors are buying in foreign assets roughly what the entire Mexican economy produces each year. If only the rest of the world had similar problems.



SOURCES: BLOOMBERG; MARKET; NATIONAL BUREAU OF STATISTICS; NATIONAL ENERGY ADMINISTRATION; GENERAL ADMINISTRATION OF CUSTOMS; CAIXIN

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WALMART'S FOODIE MAKEOVER

1
**OPEN FLOOR
PLAN**
Shelving is
closer to the
ground to open
up sight lines.

2
WOODEN CRATES
Okay, it's not
real wood, but
the look is de-
cidedly farmers'
market.

3
**AESTHETIC
ARRANGEMENT**
Fruits of a color
are stacked
together for
effect.

4
CHALKBOARDS
You may rec-
ognize them if
you've been to
a Whole Foods
recently.

SMACKDOWN IN AISLE 1

THE 500'S FOOD FIGHT

WALMART IS RETHINKING GROCERIES, ITS MOST IMPORTANT BUSINESS. IT'S NOT ALONE. BY PHIL WAHBA

THE LARGEST company in the U.S. by revenue is also the country's biggest grocer; its branded stores sold Americans \$167 billion worth of food last year. But increasingly, the titan's food supremacy is under assault.

At the lower end, no-frills discount chain Aldi is expanding aggressively and loading up on organic fare. At the higher end, Whole Foods is launching

its 365-branded discount chain. Kroger is pushing better in-store service and fancier private brands. And Walmart archrival Target is plotting a multibillion-dollar grocery reinvention.

What's an incumbent leader to do? In this case, rethink everything. Walmart is in the process of overhauling the layout of the food section at 3,000 stores, including super-

centers and the smaller Neighborhood Market stores, by year-end.

Inside a Walmart supercenter in Springdale, Ark., near company headquarters, Shawn Baldwin, senior vice president of produce and global food sourcing for Walmart, gestures toward rows of brightly colored vegetables. "If you do fresh well, there's a halo that goes around everything else," he says. The new initiative is called Fresh Angle and is now at 180 stores and counting. The goal is to quickly convey to customers that Walmart's food is high quality and fresh.

Some of these steps are

MACRO

deceptively simple: Put leafy greens closer to the front of the store, replace black plastic crates with ones that look like wood for a farmers' market feel, and group like-colored produce to create a visual pop. Another key part of the transformation will be lowering display cases and opening up floor space so that shoppers can see clear across the food area, lending it a higher-end feel. It's even adding faux chalkboards, evoking a Whole Foods.

As for other foods, Walmart is emphasizing things like 100% grass-fed beef and antibiotic-free meat, it now prepares 60% of bakery items on site, and it's putting more refrigeration on the floor so that less food lingers in back rooms—which increases freshness and means less running back and forth by workers.

So far the effort seems to be working. Walmart's U.S. comparable sales have risen seven quarters running, and shopper traffic has increased for six, making it a standout in a sea of laggard retail brands. But the stakes are high: About half the company's total sales come from the grocery aisles it's remaking. Fresh food "is a major traffic driver," says Kantar Retail's Laura Kennedy. "They need people to come into the store to buy it." **FB**

THE COMPETITION

AMAZON THE 800-POUND GORILLA IN THE RETAIL WORLD IS RAMPING UP FRESH FOOD DELIVERY AND PLOTTING PRIVATE-LABEL BRANDS.

TARGET WALMART'S ARCHRIVAL IS PLANNING WHAT IT CALLS A "FOOD REINVENTION," A BIG-BUDGET PUSH THAT WILL FOCUS ON HEALTHIER FARE.

WHOLE FOODS THE UPSCALE GROCER IS LAUNCHING ITS 365 LINE OF DISCOUNT STORES THIS YEAR.

COURTESY OF WALMART

The Michigan Growth Engine

From tech to R&D to industrial design, innovation is ripe in this state, where manufacturing is second nature and venture capital flows freely. Here's how Michigan adds up for companies who call it home.

No.1

in the Great Lakes and
TOP 7 in U.S.
for three years in site selection
of new and expanded facilities



1st

in U.S.

in concentration
of **industrial
designers** and
engineers



**TOP
10**

state for **aerospace
manufacturing** and
R&D facilities



TOP 10

**Pro-
Business
State**

(Increased 14 spots
in rank since 2014)



\$1.7 Billion

in **venture capital** under management

**45% increase
in last 5 years**

Detroit 3rd **in U.S.**

as hotbed for tech jobs



**Within
500 miles**

of almost half
of the major U.S.
and Canadian
markets



370

**Automotive
R&D Centers**
representing 75%
of automotive R&D
spending

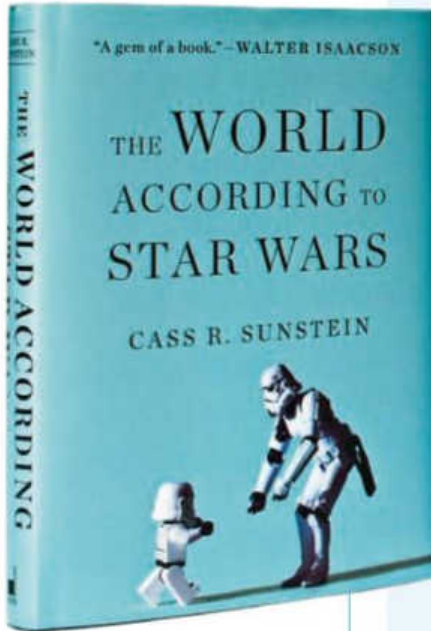


**\$12 Billion
Invested**

in commercial, industrial
and residential properties
in Detroit since 2006



SOURCES: (1) SITE SELECTION, MAY 2015. (2) BUREAU OF LABOR STATISTICS, OCCUPATIONAL EMPLOYMENT STATISTICS, MAY 2014. (3) PRICEWATERHOUSECOOPERS, "2015 AEROSPACE MANUFACTURING ATTRACTIVENESS RANKINGS." (4) POLLINA CORPORATE/AEDI PRO-BUSINESS 50-STATE RANKINGS 2015, NOVEMBER 2015. (5) MICHIGAN VENTURE ASSOCIATION, APRIL 2015. (6) OREGON OFFICE OF ECONOMIC ANALYSIS, JUNE 2015. (7) CENTER FOR AUTOMOTIVE RESEARCH, JULY 2015. (8) DETROIT REGIONAL CHAMBER.

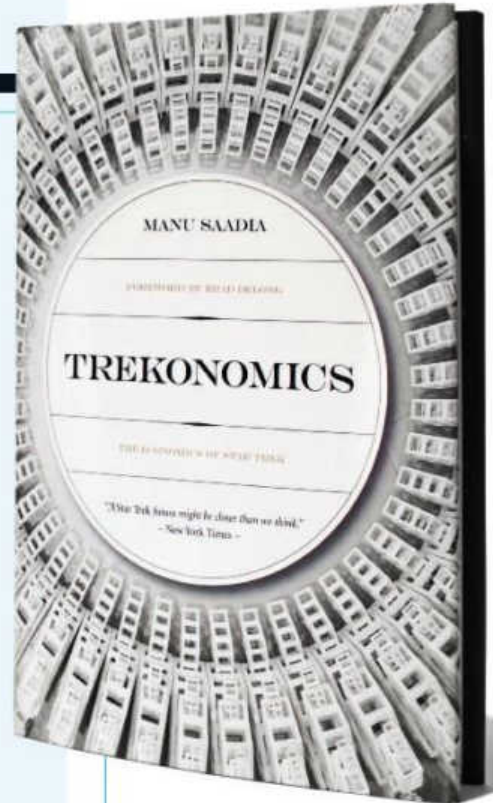


EXECUTIVE READ

STAR WARS VS. STAR TREK

TWO NEW BOOKS EXAMINE WHAT GALAXIES FAR, FAR AWAY CAN TEACH US ABOUT BUSINESS AND LIFE. WHICH ONE IS MORE CONVINCING?

By Ben Geier and Robert Hackett



The World According to Star Wars

BY CASS R. SUNSTEIN

Cass Sunstein makes it clear upfront that he is nothing short of a Star Wars fanatic. In his latest book, the Harvard law professor flaunts virtuoso command of all seven Star Wars movies, making a strong case that the canon contains real insights into the way we think about religion, work, and family. For example, he argues that a good parent should draw equally from the compassion of Obi-Wan Kenobi and the firmness of Darth Vader and that Luke and Rey's hesitation to join the resistance illustrates the dangers of inertia as described by behavioral economics.

If you don't know a Wookiee from an Ewok, you might miss some of Sunstein's finer points. But the book's take-aways are universal—if there's one lesson George Lucas drives home, it's that making decisions in committee is always a mistake. —B.G.

STAR WARS ▼

▼ STAR TREK

HERE'S HOW EACH UNIVERSE ADDRESSES:

GOVERNMENT

The Star Wars universe is the ultimate example of an ineffective bureaucracy, which then gives way to an even worse dictatorship.

The United Federation of Planets governs in the spirit of democratic socialism. Just don't ask about its shadowy intelligence agency, Section 31.

CURRENCY

The "credit" is the unit of money used in Star Wars, though it isn't clear what the unit is pegged to or if it's entirely a fiat currency.

In Star Trek, while some alien races (like the avaricious Ferengis) still covet coinage, as one Starfleet officer put it, "Money went the way of the dinosaur."

INEQUALITY

Take one look at the lavish capital lifestyle of Coruscant, vs. the scavenging ways of Rey on Jakku, and it's clear that inequality is rampant.

Without affluence to dictate socioeconomic status, reputation holds sway. Captain Picard and crew achieved their rank through eminent merit.

TECHNOLOGY

There's a lot of cool tech in Star Wars, but most of it hasn't made its way to our world yet. Unless anyone has a patent out for moisture farms or lightsabers.

Star Trek is known for its tech prescience: tablet computers (iPads), holodecks (VR), communicators (cellphones). We hope tractor beams are next.

Trekonomics: The Economics of Star Trek

BY MANU SAADIA

Trekonomics is a fanciful romp through the economic theories that underpin Final Frontier life in the mid-22nd through late-24th centuries—as seen through the eyes of an erudite, if occasionally fawning, fan. But the book is also a serious and informative economic discourse, complete with a forward by Berkeley professor Brad DeLong. In the unusually utopian world of Star Trek, automation is ubiquitous, resources are abundant, and finance is virtually obsolete. The Federation's interstellar society is characterized by a kind of genial, goods-aplenty socialism that enables its inhabitants to live long and, well, prosper. The author's exploration of this more perfect world and how we might make it a reality is, of course, just one devotee's interpretation. Because, as Dr. McCoy might say, this is fiction, damn it, not science! —R.H.

PHOTOGRAPHS BY LUCAS TYSSEK



haveKINDLE willTRAVEL

📍 TONLE BATI, CAMBODIA 📖 V. RATNER, *IN THE SHADOW OF THE BANYAN* @AMAZONKINDLE





LEADERSHIP

THE ART OF DOING THE UNPOPULAR

STRENGTHENING YOUR BUSINESS CAN MEAN MAKING EMPLOYEES UNHAPPY. HERE'S HOW TO KEEP YOUR TEAM ON YOUR SIDE.

By Geoff Colvin

WHEN AIR FRANCE'S leaders last fall announced a plan to cut 2,900 jobs, 3% of the total, they knew the move would be unpopular. But maybe they misjudged how unpopular. Later that day dozens of workers stormed a company conference room and ripped the shirts off top executives, some of whom desperately clambered bare-chested over a chain-link fence to escape the mob.

Contrast that disaster with events at Twitter at that same time. Newly installed CEO Jack Dorsey,

a founder, said he would have to cut 335 jobs, 8% of the total. He also announced he was giving one-third of his own Twitter stock, worth \$200 million, to the employee equity pool. No riots ensued, and the cuts became yesterday's news.

The art of doing the unpopular lies in striking a balance, and mastering that art may become a necessity for more business leaders this year. Ominously, U.S. companies have cut more jobs so far in 2016 than at the same point in any year since 2009, says outplacement firm Challenger Gray & Christmas, and as markets stagnate, investors are getting impatient for more profits. Massively unpopular decisions can paralyze a business, yet fear of displeasing constituents must never get in the way of doing what must be done. The most

successful leaders solve the conundrum in three ways.

ASK FOR HELP. When Dropbox CEO Drew Houston canceled or reduced several employee perks earlier this year, he salvaged the wound by admitting management's failings, such as commissioning an expensive statue of the company's symbol, a panda. He also asked employees to "spot other ways for Dropbox to save" and share them with management. Jack Welch was deeply unpopular in his early years as General Electric's CEO in the 1980s, when he cut more than 100,000 jobs. Yet he embraced employees through his celebrated Workout sessions, where staff presented ideas for eliminating pointless tasks.

SHOW PERSONAL COMMITMENT.

Whole Foods co-founder and co-CEO John Mackey pays himself \$1 a year, so his prosperity rises and falls with the company's stock. When poor performance forces him to make unpopular decisions, employees and investors know he's suffering too.

REMEMBER THAT PEOPLE WANT

TO BE LED. Even when followers are unhappy, they're willing to tolerate unpopular decisions that are part of a strong, clear plan that they understand. Lou Gerstner, the outsider CEO who rescued IBM in the 1990s, needed years to win over employees and some investors. But they gave him a chance because they realized that only bold action could restore the company to greatness.

The good news is that poor decisions can often be fixed. Air France's leaders realized they had tipped the unpopularity balance too far and reduced the planned cuts by two-thirds. The stock is since up 16%. **■**



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At the Ready

Thanks to its digital preparedness and top-notch logistics, **Walmart** is able to respond to and aid the Red Cross when disaster strikes.



In March, the Red Cross delivered water and snacks to neighborhoods affected by flooding in Rayville, La.

■ **WHEN AMERICAN RED CROSS PERSONNEL RESPOND TO AN** emergency next year, they'll have something new in their arsenal: a disaster dashboard.

The tool, RC View, is being funded in part by a \$1.5 million Walmart Foundation grant, to provide real-time data to those responding at the scene of a flood, earthquake, fire, or other disaster. The goal is to provide real-time situational awareness of the disaster's impact to improve the effectiveness of the responders on the ground. The result: The Red Cross can quickly open shelters and deliver food to hard-hit neighborhoods. "The

BE PREPARED

■ **Know what's out there.** Whether you're in a potential flood zone or a populated area where electrical fires tend to occur, knowing the possibilities will help you understand and prepare for them.

■ **Create a plan.** Once you have a list of the most likely

emergencies, create an action plan to address them. The basic elements of your plan will be the same. It gets easier each time, but you have to start by creating the plan.

■ **Practice, practice, practice.** Having an emergency plan is key, but the steps needed to put it into action should be automatic.

That means everyone in your organization must know his or her role, and practice the plan on a regular basis.

For more information about preparing for disasters and emergencies, to download free preparedness apps and then join the Ready Rating™ program, please visit readyrating.org.

data will be viewed in an intuitive platform," says Kabir Kumar, senior director of community at the Walmart Foundation, based in Bentonville, Ark.

"The use of real-time data has proven to be a vital tool in our disaster response and recovery efforts," says Gail McGovern, president and CEO of the American Red Cross. "The information allows us to quickly assess and respond to help individuals and families in need."

"We see technology as a key element of disaster response and preparedness," states Lee Siler, Sr. Manager of Global Disaster Response and Preparedness at the Walmart Foundation. But in addition to investing in much-needed technology, the organization has provided the Red Cross with relief basics—including nearly 50,000 blankets, over 21,000 cots and more than 200 quick-response shelter trailers—staged and ready before emergency strikes. Additionally, Walmart has supported the training of over 31,000 disaster volunteers and over 5,000 certified nurse assistants nationwide, and developed training programs in advanced leadership and small-business disaster preparedness.

With stores and clubs in over 10,000 communities globally and a world-renowned logistics division, Walmart is uniquely positioned to support relief efforts. The retailer prepares its stores using data analytics to ensure that the right products are available, such as preassembled pallets with water, bleach, and other essential basics. The preparation enables nimble emergency aid to those areas that need it most.

Also, "our stores and associates are part of the community, which means we have boots-on-the-ground knowledge," says Kumar. "Our support is an investment to prepare neighborhoods in advance of disasters."

The process is a well-oiled machine: In the last seven years the company has contributed more than \$37 million to the American Red Cross for immediate emergency needs, Siler explains.

"You build those relationships ahead of time so when the event hits you can execute," Kumar adds. "A quick response is critical to restoring communities and helping disaster survivors get back on their feet." ●



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HOW WE GOT STARTED



No longer in a pickle: Chris Sorensen (left), 55, and Robin Sorensen, 47

FAMILY, FIREFIGHTING— AND HEFTY SANDWICHES

Brothers Chris and Robin Sorensen didn't have a traditional business education, but they made FIREHOUSE SUBS a hit in 43 states and beyond.

Interview by Dinah Eng

CHRIS AND ROBIN SORENSEN were second-generation firefighters perpetually looking to supplement their salaries. But their ventures flamed out until they started a restaurant. The launch, in 1994, was precarious: They had \$100 in the bank, thousands in credit card debt, and lots of burned bread. Today, Firehouse Subs is cooking, with 950 "fast casual" restaurants and \$600 million in 2015 sales. The Sorensens' story:

Chris Sorensen: Robin and I come from a family of firefighters. Our dad worked as one for 43 years and also had a

TV store in Jacksonville to supplement his income. We helped in the shop and grew up with an entrepreneurial spirit. I played in a band, but in 1981 I realized that my dream of making it big wasn't going to happen. I went home to Jacksonville, and my dad suggested I work for the fire department.

Robin Sorensen: Dad sold his TV business in 1986, when I was 18. I didn't know what I wanted, so I signed up for the fire academy. I loved it and worked as a fireman and as an EMT for nearly three years.

Chris: We were always trying to make money on the side, but things never worked. We tried a lawn business, a videotaping service, and a Christmas tree business that never launched. We were always broke. Then Robin began managing a restaurant.

Robin: Chris and I love cooking, and that led to ideas of opening our own restaurant. We discussed concepts from a micro-brewery to a Southern-style restaurant. Then in 1992, a friend suggested we look at a sub shop that was franchising. We loved the idea. But after meeting with them, we decided we could do something better on our own.

Chris: We did two years of research. We'd go around to different sub shops and say, "We're on a diet. How much meat do you use?" We wanted our place to be known for quality and quantity, so we decided to double the portions others served.

Robin: At the restaurant I managed, the food-distributor delivery guy was a friend. He would save receipts from other restaurants for me to look at. So I knew what kind of meat people were buying and the price per pound. The bread-delivery guy would gossip about competitors. It was all good information.

We approached Toney Sleiman, a developer in Jacksonville who'd been a customer in our dad's TV shop, and told him about our idea for Firehouse Subs, offering hearty, affordable meals. He knew us, and he liked firemen. He gave us restaurant equipment for free and said he'd build out a store for us in a new shopping center.

Chris: We were excited and scared to death. We were broke, so I got \$2,000 from the Jacksonville Firemen's Credit Union and a \$5,000 loan from my mom's cousin.

Robin: We basically put the whole store on my mother-in-law's credit card. It had a \$10,000 limit, which we blew through pretty quickly. My father-in-law was an FBI agent, and she didn't want to tell him we'd maxed out the card. I asked if she could get the limit raised to \$15,000, and we went \$1,000 over that. I had to borrow \$5,000 from a friend and got \$5,000 in credit from some vendors. The total cost to open was about \$35,000.

We didn't know what we were doing at first. We'd go for a construction permit to open the store, and they'd ask, "Where's your health

OUR ADVICE

**CHRIS SORENSEN
AND ROBIN SORENSEN**

Co-founders of Firehouse Subs

FIND FRANCHISEES with skin in the game. Wealthy people often want to buy a franchise and hire staff. We want owner-operated stores with people who are committed to being there every day to maintain the quality.

SELL IN BULK. We prefer that franchisees take three to five stores. That keeps down the number of franchisees we have to manage.

REWARD THE MIDDLEMAN. Our area reps offer personal service to franchisees, so store operators are not trying to deal with a corporate office several states away. The reps deal with labor, food-cost problems, real estate, training, and more. In return, we give them a percentage of the area royalties.

permit?" But we figured everything out and opened the first store on Oct. 10, 1994. The whole family came to work with us.

Chris: We had \$60 cash in the drawer, and if it didn't work that first day, we'd be in trouble. At first, we got everybody's orders wrong. We had spent so much time on the store's details that we hadn't memorized the menu, so we kept turning around to look at the menu boards when we took orders.

Robin: We burned a lot of bread with one toaster. It took us two to three days to figure out we needed more than one steamer. Still, we did \$26,000 in sales the first month. We were tickled pink.

Chris: I loved the early

days. We'd get samples of meat and cheeses and go to my house to experiment with the steamer and slicer. Friends donated fire department coats and hats [which were used as decorations].


I stayed on with the fire department for four years after we opened to maintain income. I was working close to 60 hours a week. It became too much, so I left the department in late 1998.

Robin: I paid myself \$12,000 to \$15,000 per year while we grew, and we ran a very lean operation, with only one paid employee because the rest were family. After a year, we owned two restaurants and had one franchise. We committed to franchising two more but realized we weren't ready, so we bought the three stores back and changed gears. For the next five years we opened only corporate-owned restaurants and became very profitable.

Chris: We hired consultants to help us figure out the infrastructure for franchising, how to train people and keep consistency. In 2000 we turned the franchising machine on and haven't stopped.

Robin: Our company became debt-free in 2001, and we started loaning money to our franchisees. Chris and I didn't take profits until our 10th anniversary in 2004. Financial discipline is probably why we're here today.

Chris: We're different personalities, but we think alike on business decisions. Some brothers would kill each other, but not us.

Robin: We work very well together. I like to take charge, and Chris doesn't. It's a perfect match. 



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(VERY) HUNGRY FOR SUCCESS

Some Silicon Valley startups are turning to fasting to boost productivity. Is that better than a Snickers bar and a Red Bull?

By Jennifer Alsever

FEW THINGS ARE MORE associated with Silicon Valley companies than a bottomless supply of junk food and soda. Productivity, the practice suggests, is achieved by mainlining metabolism-jolting quantities of sugar and caffeine.

Nootrobox, an eight-person San Francisco startup, takes a radically different approach: Its staff does not eat from Monday evening until Wednesday morning. The team fasts as a group. They're not abstaining for religious reasons or submitting to some sort of employee torture. Rather, they're attempting to improve productivity through sharper cognition and better overall health. CEO Geoffrey Woo compares the experience to "what I imagine a monk would feel like, where your mind is discon-



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nected from the body, less constrained. There's clarity, calmness, and productivity."

Intermittent fasting—or regularly going without food for 16 hours to several days—is a nascent fad in Silicon Valley's startups. (Nootrobox's business, as it happens, lies squarely inside another tech-world productivity trend: "nootropics," vitamins and prescription medication used to boost cognitive performance. Nootrobox makes vitamin-rich caffeinated chews.)

Woo says that fasting was difficult and distracting at first—participants are allowed to drink water, tea, or coffee—but that by the third week, most people aren't addled by fantasies of eating. After his team started fasting in December, he created a support group called WeFast, now extending beyond the company to 733 people who swap stories, diets, and pictures of "food porn" on a Slack messaging group. One Nootrobox engineer calls that "a bit of dark humor."

There is scientific support for the benefits of forbearing food. New animal and human studies show cognitive and health benefits from intermittent fasting, and it has been shown to increase life span in mice and rats. During extended periods without food, the body converts from using glucose for energy to ketones, an alternate fuel source produced by the liver. That ketone energy can improve brain metabo-

lism, says Mark Mattson, Ph.D., chief of the Laboratory of Neurosciences at the National Institute on Aging in Baltimore. Mattson is now conducting studies to determine whether fasting can improve cognition in people at risk of Alzheimer's disease and stroke.

"It makes a lot of sense that brain function would improve when there's no food," Mattson says. From an evolutionary point of view, neural network activity and body energy increases during periods of hunger so you can scavenge and hunt for sustenance.

Woo has conducted his own nonscientific research, asking his team to track their mood, mental state, and efficiency, using apps and productivity software. "Tuesdays—when we're fasting—are our most productive days," he says.

So far, Nootrobox's employees buy into the lifestyle, which operates on the honor system. (Nobody is checking what employees do at home on fasting days, but there have been no reports of Snickers wrappers found hidden in the trash.) They find a camaraderie in the foodless experience. "It's nice to share something beyond just business," says Nootrobox business development leader Gavin Banks. "Plus, I feel better, more alert, throughout the day. No two o'clock slump, no brain fog." And when the fast is over, everybody eats breakfast together. **FB**

GREAT MOMENTS IN PRODUCTIVITY

A look at unorthodox methods some have tried to rejuvenate employees' energy or boost their output over the years.



DOES ANYBODY REMEMBER LAUGHTER?

New York ad agency Peppercomm puts its leaders and employees through stand-up comedy training. Not only has it improved confidence and presentation skills, says Peppercomm's CEO Steve Cody, it has aided productivity and culture alike. He may be onto something: A 2007 University of Missouri study found that employees with a good sense of humor also showed higher levels of productivity, communicated more effectively, and were more connected to their workplace.



JUST HANGIN'

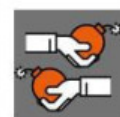
When they need energy, the seven employees at Austin's Natural Stacks hang upside down. They use an inversion machine, do headstands, or climb onto their desks and put their feet up the wall. "It increases blood flow to the brain, and it gets you out of your funk," says Ryan Munsey, "chief optimizer" for the natural supplements company. It's not a new idea: Composer Igor Stravinsky would stand on his head when he felt blocked.



YOUR BUSINESS WILL PURR

Japanese Internet company Ferray Corp. adopted nine rescue cats to reduce stress and increase employee communication. It apparently worked. Dogs have the same effect: Virginia Commonwealth University researchers found

that employees who brought their dogs to work experience less stress and higher job satisfaction.



SWAP YOUR CHORE

When the 90 employees at career site

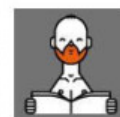
TheMuse.com get into a funk, they do "work swaps," handing their most dreaded tasks off to a colleague and vice versa. It originated from TTS ["Things That Suck"], a meeting where everyone gets together to tackle gnarly challenges.



DEPRIVED... OF YOUR SENSES

Joe Polish, president

of Piranha Marketing, offers his eight employees a dip in a sensory deprivation pod inside Piranha's office in Tempe, Ariz. Those who soak in the pod, filled with warm water and 1,000 pounds of Epsom salts, report feeling more clear, focused, and relaxed afterward.



BEN FRANKLIN, AS YOU'VE NEVER SEEN HIM

The Founding Father liked to take "air baths," which involved reading and writing while naked for about an hour. [Mercifully, Franklin "bathed" alone.] British design and marketing company onebestway took that idea to heart, staging a naked Friday in 2009 to lift morale amid sagging sales. The event did have one outcome: lots of media attention and an episode for a TV show called *Naked Office*.



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5 WAYS TO PROFIT FROM THE EXCITING FUTURE OF FOOD

FOOD AND BEVERAGE COMPANIES ARE A \$5 TRILLION GLOBAL INDUSTRY, BUT THE RULES ARE CHANGING FAST.

By Verne Harnish



MAKE IT TASTE GOOD

That sounds obvious—but it isn't easy with customers ever more specific in their dietary requirements. Selling gluten-free, dairy-free, kosher treats, By the Way Bakery has grown to three New York locations and a wholesale business. Its secret: using fine ingredients like Belgian chocolate. "Once you're kicking out the familiar flavors of wheat and butter," says founder Helene Godin, "you have to make sure your mouth is still delighted."




GO LOCAL

It's easier than ever for urban restaurateurs to serve fresh fare. For example, Boston's Freight Farms sells hydroponic farms (for \$82,000) in recycled shipping containers, which you can set up in an empty lot. The goal, says CEO Brad McNamara, is to grow food closer to where consumers live. The 20-person startup generated \$3 million last year, selling to chefs and university food-service providers. "You just plug it in," McNamara says, "add water, and the farm is ready to go."



KEEP IT TRACEABLE

As people demand to know exactly how food gets to their table, entrepreneurs who can answer their questions will profit. Red's Best, a Boston-based seafood purveyor that unloads fishing vessels, has developed an app that reveals the origins of each fish, so restaurants can share the information on their menus. "It tells end users the full story of the catch," says CEO Jared Auerbach. Red's Best has expanded to 80 employees at three wholesale facilities and a fish market. 



JOIN THE REVOLUTION

It's not surprising that big chains like McDonald's are feeling pressure to change when you consider the likes of Kimbal Musk (yes, Elon's brother), who is one of many offering a healthier way of eating. His chain, the Kitchen—made up of eight restaurants serving fare from local farmers in cities such as Boulder, Denver, and Chicago—runs more than 290 "learning gardens" in schools across the country to help children grow and enjoy fresh produce via a sister nonprofit. Musk is investigating innovations to scale organic farming. "Food is the new Internet," he says.

VERNE HARNISH IS THE AUTHOR OF *SCALING UP*.





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BEWARE: YOUR COMPANY IS UNDER THREAT. “The laws of the jungle have changed,” said Keith Krach, CEO and chairman of DocuSign, as he opened the company’s MOMENTUM '16 conference in San Francisco in April. “The big no longer eat the small—the quick eat the slow. Lurking in the camouflage are potential disruptors, and they’re ready to jump out.”

Executives from companies ranging from Microsoft to McDonald’s drove home the message: In an ever more disruptive environment, the only way to avoid becoming someone’s lunch is by making the digital transformation—and you’d better be quick about it. Krach put it simply: “For those of you who don’t make it across the digital divide in the next five years, you’re not going to survive.”

The rewards of leaping across that digital divide—and the best ways to approach it—were the focus of the keynote panel, “Digital Transformation—Trends and Opportunities for Business,” moderated by *Fortune* senior writer Michal

Lev-Ram. McKinsey partner Michael Chui said that data underscores the benefits of going digital. McKinsey surveyed 150 companies worldwide, seeking to discover what distinguishes the most digitally advanced among them. Assigning each a Digital Quotient (DQ) score—based on 18 practices across strategy, organization, mindset, and capabilities—it found that higher scores correlated with “triple the revenue growth,” said Chui. “And from the data, it was clear that the most successful companies are data-driven.”

Want to be one of those companies? Adopting a data-driven culture requires “an R&D mindset,” said Professor Susan Athey of the Stanford Graduate School of Business. “You need to be

able to experiment, try different things—always applying business logic and leadership in combination with data insights.”

And speed is of the essence. “The companies that adapt faster are generally going to be the winners,” said Jim Lundy, CEO and lead analyst of Aragon Research. To rack up those kinds of quick wins in your digital transformation, he advised, “focus on your external-use cases first—sales, service, support—anything that touches the customer. Then go backwards from there.”

Lundy also made the case that one of the key ways to harness the benefits of digital is by employing Digital Transaction Management (DTM). “DTM is one of the easy ways to land

the plane of digital business transformation,” he said, noting that the current DTM market is \$30 billion. “But the market’s young,” said Lundy. “Even though companies have started deploying technologies and applications from firms like DocuSign, it will probably get to the range of \$60 billion.”

“There’s a lot of analog still left,” Chui agreed. “If you look across the U.S. economy, we think [going digital] could add up to \$2.2 trillion to the U.S. GDP.”

The message was clear: Companies can do much more to jump-start their digital transformation. DocuSign is helping companies of all sizes and in all industries automate workflows and digitize decisions, approvals, and signatures to accelerate transactions and business performance. As a result, companies are becoming more productive and efficient and are turbocharging their digital transformation.

As Krach put it: “Disruption is coming on like a freight train. You’re either on the train—or on the tracks.” ●





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◀ UA BAND



◀ UA HEART RATE STRAP

WORKING OUT SMARTER

Do fitness wearables really improve performance? Our writer puts Under Armour's gear to the test.
By John Kell

WHEN I STARTED RUNNING seriously in 2004, I tracked my miles using my 1989 Honda Accord. From behind the wheel, I would retrace my route, measuring the miles I had just run.

Now there are not only Fitbits but also Apple Watches and a host of rivals like Under Armour's UA Band in the \$1.7-billion-and-growing market for fitness wearables. Roughly 16% of U.S. adults wear activity-tracking devices, according to the research firm NPD Group. That number is expected to



◀ UA SCALE

STYLING BY ANNE WLAJSEWSKI; PHONE: ALAMY; GRAPHICS COURTESY OF UNDER ARMOUR

jump to 19% by the end of this year as devices become ever lighter and more sophisticated, tracking sleep, heart rate, and workout intensity.

So recently I became curious about how the new crop of activity trackers might improve my performance. I am a fairly committed runner, logging about 15 miles a week using the Nike+ app. Would new gear better prepare me for an upcoming race?

For several weeks I tested Under Armour's new \$400 HealthBox, which includes an activity-tracking band, a heart rate strap, and a "smart" scale that records your weight and body-fat data and tracks them over time. I also ran in UA's \$150 smart shoes that come with a built-in sensor—allowing me to run without any hardware, if that's what I would prefer.

The accompanying app, UA Record, uses data cruncher IBM Watson to help serve as a digital coach, offering workout reminders and goals. "This is what differentiates UA Record from the rest of the fitness-tracking apps," chief executive Kevin Plank told analysts recently. "We deliver direction to help you reach your personal goals."

Executives say this sensor-adorned gear can mold dedicated, higher-performing athletes, making them more conscious of their diets and the intensity of workouts. Under Armour has bet heavily



The author increased his weekly run from 15 to 25 miles while using the gear.

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UNDER ARMOUR'S USERS' DATA

on this strategy, spending \$710 million in the past three years to buy just three mobile apps, including MapMyFitness. Together they create a digital community of 170 million members that log billions of activities and meals and offer continual advice.

I discovered a few kinks with UA HealthBox. It is easy to set up, with the exception of the heart strap, which didn't work on my first run. After downloading a software update and spitting on the sensors to awaken them, I got it to operate smoothly.

The high-tech scale greeted me with a friendly voice: "Hi, John." It then told me my weight and body fat. The UA app also gave me some alarming advice, telling me to shed

27 pounds off my 5-foot 11-inch frame. I weigh 177, putting me at the high end of "normal weight," according to the body mass index. While weighing the suggested 150 is also "normal," the last time I weighed that little I was 15 years old. IBM Watson, I learned, is a hard-driving coach.

Thankfully the app allowed for a more flexible goal, ranging from 150 to 168 pounds.

I mostly used the apps and scale to monitor my workouts and weight; inputting my sleep and nutrition data each day felt too time-consuming. But I could see how tracking those additional metrics could help me determine what's ideal before a long run. Perhaps I think seven hours of sleep is enough, but the data would

prove me wrong and say nine hours is better.

Daily alerts reminded me to open the app to reveal a new fitness tip or just move. (As I typed this story, I got an alert: "It has been 60 minutes since you last moved." Time for a coffee run.) And like many fitness bands, after I reached a certain number of steps it tickled my wrist with a light celebratory buzz, which had a motivating effect.

So what's the bottom line? The UA Record app did motivate me to run more—I went from 15 miles to 25 miles a week. I also lost four pounds.

NPD consumer electronics analyst Ben Arnold says the audience this market serves is narrow, mostly early tech adopters and technology-minded fitness buffs. Under Armour's "connected fitness" division grew by 178% last year, to \$53.4 million, and analysts estimate it could hit \$200 million by 2018, a small fraction of the brand's \$4 billion in sales.

As these sensors move into more gear, including shirts, shoes, baseball bats, and swimming caps, experts expect fitness wearables to become widespread. Under Armour's bet is that users like me will see value in tracking each stride. As for me, I'm a convert for now. But NPD Group estimates that 39% of fitness-tracker owners stop using their device after six months. So check back in with me in a few months to be sure. **■**

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KEEP CLIMBING



PFIZER, DRIVEN TO DISCOVER THE CURE



“It’s indescribable how good it feels to know that we are bringing tangible benefits to patients. I feel very lucky that my job contributes to that end goal every day.”

CASEY QUINLAN
Principal Scientist
Pfizer

Casey Quinlan might not look like a superhero, but she is. Every day when she comes to work at Pfizer’s research campus in La Jolla, Calif., as one of the company’s Principal Scientists, she’s helping to save lives, including one person very close to her.

“I have never been as proud as I was when I was able to help a close member of my family,” says Quinlan. “She

has battled with her condition for years and following the FDA approval of a new treatment option, I was able to discuss the medicine with her and her oncologist. We are several months into her treatment and her cancer markers have stabilized.”


Whether they have a personal connection to their job or not, all Pfizer scientists are driven to discover the cure for medical conditions where there is patient need. “Pfizer scientists are driven by their curiosity and desire to cure,” says Sally Susman, Executive Vice-President of Corporate Affairs. “Pushing for scientific advancement is at the core of what we do as it ultimately is what leads us to potential cures for patients.”

Making a medicine or vaccine doesn’t come easy. Every breakthrough involves a team of scientific marathoners whose focus and determination to reach

the end goal often involves long days and nights. It took 12 years, 36 clinical trials, and 8,500 patient volunteers to create one medicine that helps improve the lives of patients.

“It’s complex, unrelenting work,” says Mikael Dolsten, President of Worldwide Research & Development. “It starts with a scientific theory or intriguing observation in the lab followed by vast amounts of time, brainpower, and making difficult decisions in the face of failure and success, but the end result—helping people overcome life-threatening challenges to live longer, better lives—that is what propels us to find the next therapy or possible cure.”

Before it becomes a medicine, it is often just an idea. And if it makes it through the difficult 12-year journey, it can be a medicine that saves lives every day—like Quinlan’s relative. “It’s indescribable how good it feels,” she says, “to know that we are bringing tangible benefits to patients. I feel very lucky that my job contributes to that end goal every day.”

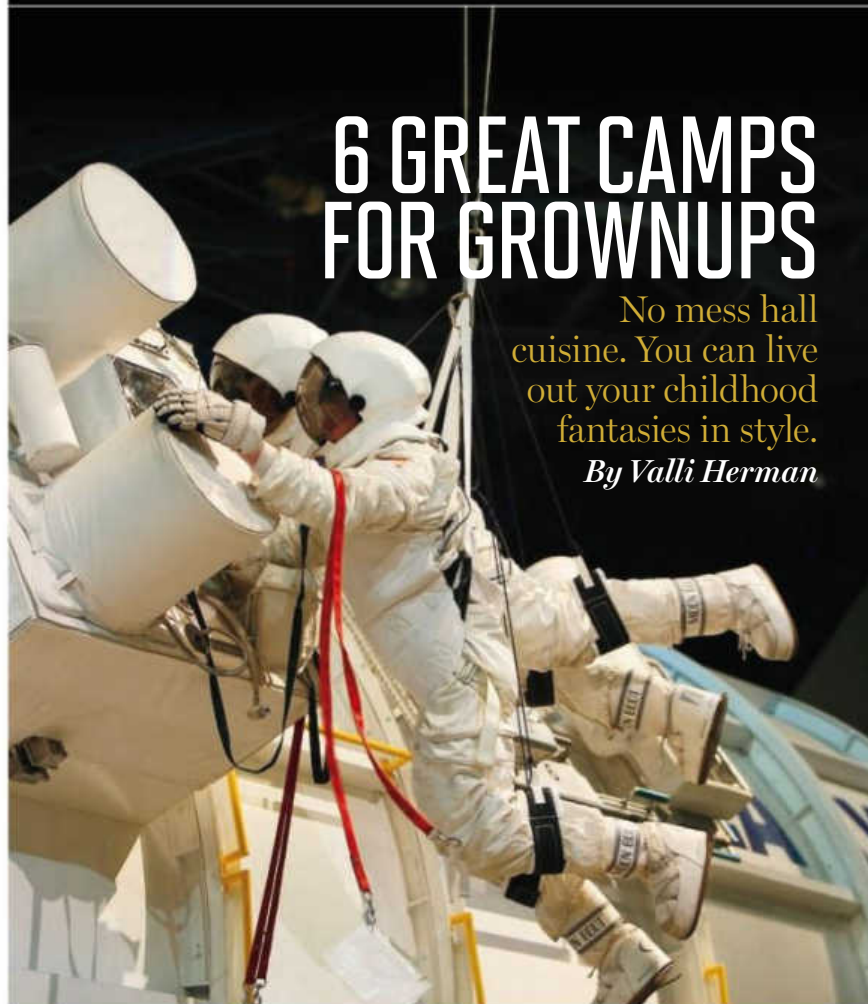


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Research and development is only one part of a medicine's journey. Get the full story at Pfizer.com/discover.





6 GREAT CAMPS FOR GROWNUPS

No mess hall cuisine. You can live out your childhood fantasies in style.

By Valli Herman

Camper at the Adult Space Academy get a taste of the training that astronauts receive.

MAYBE IT'S because of the stress of working with 24/7 connectivity. Or perhaps it's just that more of us are nostalgic for our childhood. But camps for grownups have surged in popularity. About 200 of the 2,400 camps accredited by the American Camp Association are for adults and families, though experts say many more adult camps exist.

"When people finally get time to relax, sitting by the pool for five hours with a piña colada doesn't cut it anymore," says Tammi Leader Fuller, founder of Campowerment, a four-year-old sleepaway camp for women.

Adult camps don't necessarily have s'mores and bunk beds. What defines the camps is that they enable grownups to explore a passion, live out a childhood dream, or simply have fun and games in the woods. Some camps are quite luxe; others, rustic. Looking for some inspiration? Here's a sampling.

Adult Space Academy

Cost: Weekend, \$549 to \$649
Motto: "You're never too old for space camp."
spacecamp.com/adult

At the U.S. Space & Rocket Center in Huntsville, Ala., campers learn about NASA and commercial space exploration initiatives, build model rockets to launch, and delve into the history of space flight in one of the world's largest space museums.

Camp Grounded

Cost: Weekend, \$695 to \$745
Motto: "Disconnect to reconnect."
campgrounded.org

Camp Grounded is a place to unplug. There is no Wi-Fi, and the camp forbids laptops, digital cameras, cellphones, and any talk of work. Accommodations are cabins or tents; there are gourmet meals and 40 "playshops," including laughter yoga, Lego building, rope courses, and hip-hop. Camps are held across the country.

USA Basketball Fantasy Camp

Cost: Four days, \$12,500
Motto: "Become part of the ultimate team."
usabfantasycamp.com

USA Basketball, the organization that picks the USA Olympic basketball team, gives die-hard fans an immersion in the training and coaching of professional teams. Guided by top coaches such as Tom Izzo and Brad Stevens, players live and breathe the sport at a luxury Las Vegas camp that ends with a championship game.

Sonoma County Grape Camp

Cost: Four days, \$5,000 per couple; \$3,200 single
Motto: "From grape to glass."
sonomagrapecamp.com

Days start in vineyards in California's Sonoma County with lessons on plants

and picking, then extend to the wineries for gourmet meals, cooking classes, tastings, and talks with winemakers. Accommodations are at the Vintners Inn, an intimate luxury hotel.

Campowerment's Fancy Camp

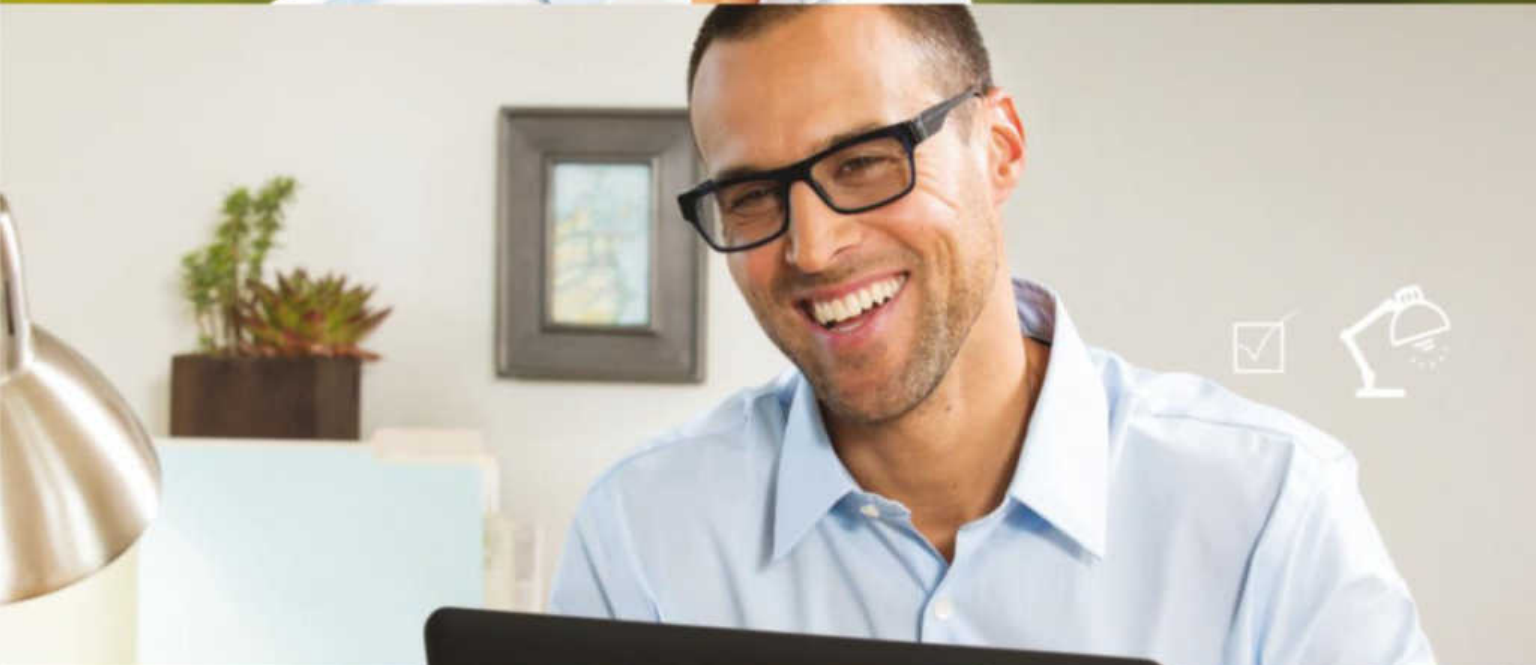
Cost: Weekend, \$3,300
Motto: "Re-ignite your life."
campowerment.com

Fancy Camp is a retreat for women only, held at the five-star Fairmont Grand Del Mar in San Diego. The pampering-with-a-purpose experience includes spa treatments, meditation, astrology, and workshops focused on everything from parenting to careers. And of course, there are sing-alongs and s'mores. More rustic Campowerment retreats are held around the country.

Rock and Roll Fantasy Camp

Cost: Four days, \$4,000 to \$8,000
Motto: "Jam with your rock heroes."
rockcamp.com

At this Hollywood camp, the "counselors" hail from bands like Bon Jovi, Kiss, and Guns N' Roses, and the "sing-along" is a gig playing onstage with them at the famed Whisky A Go-Go. Campers form bands, rehearse with pro gear, and take master classes with professionals. Camps this year feature Kiss's Paul Stanley and Don Felder, formerly of the Eagles, and Judas Priest. **R**



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COMPANY SPOTLIGHT | 2016

MARKEL CORPORATION

A COMPANY THAT HOLDS TIGHT TO ITS ENDURING VALUES

**1986
TO
2016**

Markel is celebrating its 30th year as a public company.

212

The number of words that describe our DNA. These are the values and expectations that guide us each and every day.

The Markel Style

\$7.8 billion

Markel's book value increased from \$16 million back in 1986 to \$7.8 billion in 2015.

Growing ever since its founding in 1930, the Markel Corporation is a financial holding company based in Richmond that serves a variety of niche markets. Its principal business is underwriting specialty property and casualty insurance products, but through the company's Markel Ventures subsidiary, Markel owns 16 manufacturing and service companies outside the insurance industry.



THE BUSINESS MODEL IS

unique, but what makes Markel special is its carefully crafted culture, which provides a long-term competitive advantage. In an era when many companies place their faith in strategy or process, Markel credits its growth to an enduring and commonly embraced set of values summarized in the Markel Style. Written in 1986, the year Markel went public, it is the basis for the actions of the company itself and of the people who "believe in hard work and a zealous pursuit of excellence while keeping a sense of humor," as the Markel Style says, to make the company hum.

Markel's leadership structure is also unique, with Tom Gayner and Richie Whitt sharing duties as co-CEOs and Mike Crowley as president. Alan Kirshner (the Markel Style's primary author) serves as executive chairman and has been a C-suite constant at Markel for more than 55 years. The entire executive team is highly collaborative and committed to protecting and promoting Markel's culture.

"At Markel, people make the difference,"

says Whitt. "People united in a common purpose with common values can achieve great things. We have been a public company for 30 years, and our growth story is the result of thousands of past and present associates doing their jobs with extraordinary passion and skill. People who live the Markel Style exhibit honesty and fairness in all their dealings, have a healthy disdain for bureaucracy, and focus on long-term results. We thank them all for their individual and collective contributions."

Adds Gayner: "Markel is in many ways a values-driven organization. When we purchase a company to add to the Markel Ventures portfolio, for example, we invest permanent capital and look for management teams with equal measures of talent and integrity. This buy-and-hold-forever approach has enabled us to acquire companies that others could not. We are always looking to build value and measure performance over many years.

"Our goal," summarizes Gayner, "is to build one of the world's great companies." Adds Whitt: "Perpetuating the Markel Style is how we will get there."

Our culture is our greatest asset.

Our corporate compass, the Markel Style, will never change—it is timeless and permanent and serves as a guide for how we act and make decisions. So what's next for Markel and how will we get there?

We will keep our way.

We will innovate and use our imagination.

We will adapt and make changes to benefit our customers and business partners.

We will work hard.

We will enjoy the journey and share success with others.

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JUNE 15, 2016

Tech

PERSON OF INTEREST: ZEROING IN

BUILDING TOMORROWLAND

Meet Scot Drake, the Imagineer behind Shanghai Disney's most futuristic attraction.

By Michal Leo-Ram



Drake and the Tron Lightcycle Power Run



TICKER TAPE
A collection of curiosities

\$30.9 BILLION

Value of venture capital activity for software-as-a-service startups in 2015

SOURCE: PITCHBOOK

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IF YOU HAVE young children, you probably know how tricky it can be to explain your job to them. (“Mommy is an investment banker” doesn’t mean much to a 5-year-old.) But for Scot Drake, little explanation is required. His three kids understand very well that Daddy builds roller coasters for Disney in China.

Drake, the executive creative director of the Walt Disney Co.’s Imagineering division, moved his family to Shanghai three years ago. His mandate? To oversee the construction of Tomorrowland, one of six “themed lands” in the soon-to-be-opened Shanghai Disney Resort. At a cost of \$5.5 billion, it is without question the Mouse House’s most ambitious park to date.

Indeed, everything is bigger at Shanghai Disney, which features the tallest and largest Enchanted Storybook Castle of any Disney location (and the first-ever pirate-themed land). Drake’s section of the resort is a futuristic city first developed by Walt Disney himself at the original Disneyland in Anaheim, Calif. When the first Tomorrowland opened in 1955, it represented the future as the year 1986. Building a Tomorrowland for the 21st century, especially in a city like Shanghai, was a very different undertaking.

“The biggest challenge we

At right: Reviewing employee work can be stressful, but not for Disney CEO Bob Iger (left). Below: Drake rides Buzz Lightyear Planet Rescue with his two daughters.



had was, ‘How do we tell the story of Tomorrowland in a city that is already the city of the future?’” Drake asks. “This pushed us to think differently on all levels.”

With a population of about 24 million and a skyline boasting some of the world’s newest and tallest skyscrapers, Shanghai has become a model of modernity and a hub for finance and tourism. Disney’s massive resort, slated to open on June 16, sits on nearly 1,000 acres in the city’s Pudong District. For Drake, even a portion of that massive sandbox in mainland China

means plenty of room for creative thinking.

“This was the opportunity to design what an optimistic future looks like,” says Drake, 39. “We wanted to showcase humanity, nature, and technology in perfect harmony.”

The pinnacle of that vision is the Tron Lightcycle Power Run, the fastest coaster Disney has ever built. (For those unfamiliar with the Tron franchise, “lightcycles” are two-wheeled, motorcycle-like vehicles that create trails of colored light. They were first featured in *Tron*, the

original 1982 film.) The track for the Tomorrowland ride is 966 meters long, and the cable and wiring required to run it could circle Shanghai 37 times.

“We got to do this Tomorrowland in a new way,” Drake says, “with cutting-edge tools and technologies that didn’t exist when Walt built the original.”

The brainstorming process was straight out of the Disney founder’s playbook, however. Imagineering, launched by Disney in the 1950s, brought together interdisciplinary teams of creative specialists to come



“WHEN YOU SEE SOMETHING THAT’S BROKEN, GO FIX IT.”

Facebook COO *Sheryl Sandberg* to University of California at Berkeley graduates

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up with new experiences for the company's theme parks. In 2009, when Disney CEO Bob Iger first tapped Drake to lead the Shanghai Tomorrowland project, the Imagineer convened architects, designers, roller-coaster engineers, and other experts to drum up ideas. Once the team narrowed down their "what-ifs," as Drake calls their ideas, they got to work on the details. In this refinement stage, the group decided which ideas would become reality and which disciplines would address different tasks. Ride designers and engineers began work on the coaster system. Interior designers

A view of Shanghai Disney's Tomorrowland in the foreground, with Fantasyland's Enchanted Storybook Castle, the world's tallest Disney castle, in the distance

and landscapers drew up blueprints. Throughout the process, Drake says, they continually met to stitch the pieces together and ensure that everyone was on the same path.

Drake's team also devised whiz-bang attractions like a jet-pack experience (fledgling pilots are actually tethered to an orb) and a color-shifting canopy. To get a better sense of their creations before they were built, the group made use of

Imagineering's virtual reality room at the company's headquarters in Southern California. Drake and company were able to walk through their city and even ride the coaster before ever setting foot in Shanghai.

"The secret sauce of Imagineering is how all of these things come together," Drake says. "This is not a tech showcase, but it has more technology than you can possibly believe."


Years after its inception, Shanghai's Tomorrowland is ready to welcome its first visitors. It has been a long and costly ride. Iger intended to open Shanghai Disney by the end of 2015 but had to push

its debut to this summer, reportedly due to construction problems and design changes. (Disney blames an "expansion plan" for the delay.) The \$5.5 billion park is a joint venture between Disney and Shanghai Shendi Group, a consortium run by the city's government.

There is much at stake. Disney has grown and diversified under Iger's tenure, but subscriber numbers at its ESPN cable television network have recently slipped. Disney's media networks division, which includes ESPN and ABC, is its largest unit. Its parks division is its second largest. With Iger set to retire in 2018, that means the fate of the Shanghai park could define his legacy.

On the one hand, competition will be fierce. In an interview with a TV network, billionaire Wang Jianlin, whose Dalian Wanda Group runs competing theme parks, vowed to make Shanghai Disney "unprofitable." On the other hand, the Disney park could be its ticket to selling more rides and content (from Star Wars to sports) in China.

Drake is bullish that Shanghai Disney and its Tron roller coaster will be a hit—and not just with kids.

"It was an exciting day when we finally got him on it," Drake says of CEO Iger's maiden run. "He loved it." 



1 in 4

U.S. office workers who believe their company's tech is "ahead of the curve"

ADOBE

12%

Spectators of eSports (videogame competitions) who attend the events in person

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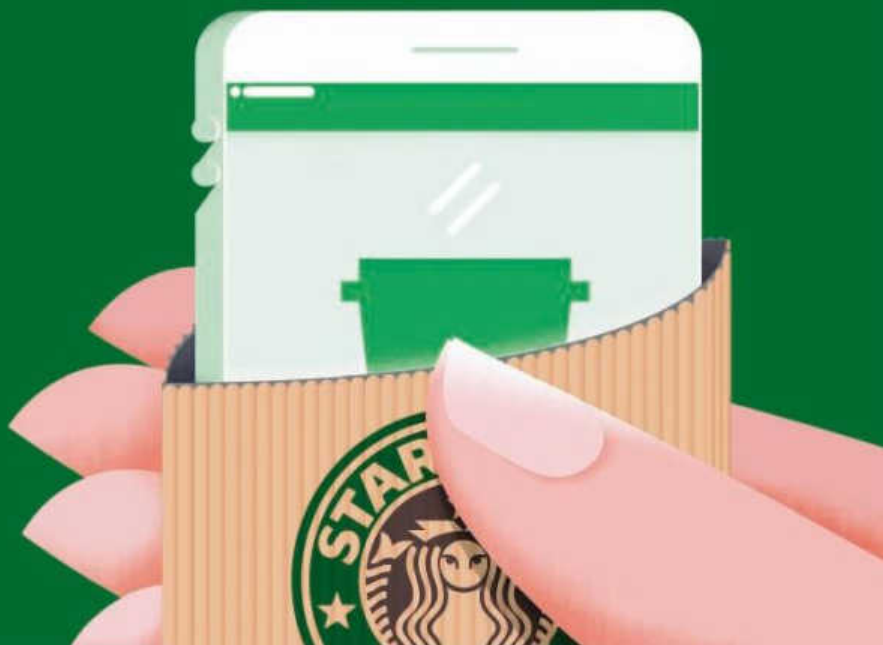
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CONTENTS MAY BE HOT

Riding early success with its mobile app, Starbucks doubles down on extracting dollars from devices. *By Leena Rao*

LONG BEFORE Apple and Google introduced their own mobile payment services, Starbucks had it figured out. In 2011 the retailer spent more than \$1 million to gain the ability to accept payment (via QR code) from smartphone-toting customers. The gamble paid off: Today millions of people use the company's mobile application to pay for their lattes and frappuccinos, and one in four of its transactions originates with a mobile device. Shockingly, one of the most successful mobile wallets comes from a coffee purveyor.

The dramatic shift in its customers' habits is changing the way Starbucks thinks about its operations and enticing it to gild the lily with additional mobile services.

Take Order & Pay, for example. In late 2014, Starbucks rolled out the feature, which lets customers use the mobile app to place and pay for an order before reaching the store, allowing them to pick up goods without waiting in line. Encouraged by adoption in its home market—today 4% of all Starbucks transactions are made in advance, with some U.S. stores reporting figures

as high as 10%—the company has begun to extend the service to the rest of the world. This year Starbucks will offer the feature in China, where it also plans to open hundreds of new stores. (The move is part of Starbucks' bid to secure a market that CEO Howard Schultz hopes will exceed its U.S. business by 2019.)

Starbucks also wants to increase engagement and boost sales among customers who already use its app. The company plans to add personalization elements that allow the app to recall your favorite order (half-caf iced venti no-whip white mocha, please), suggest what might pair well with it (how about some chocolate biscotti?), and guess where you'd like to pick it up (the one at the Macy's on State Street). Customers in New York City and San Francisco can also opt for home delivery courtesy of a new pilot program.

Chief digital officer Adam Brotman says Starbucks knows it runs the risk of adding too many bells and whistles to a tool meant for convenience. "You don't want the app to become too much of a Swiss Army knife," he acknowledges.

But Forrester Research analyst Sucharita Mulpuru says it's been smooth sailing for the company thus far.

"Starbucks has been very smart," she says. "It has continued to innovate." **IS**



54%

Millennials who plan to purchase connected lighting in the next 12 months

ICONTROL

76%

U.S. smartphone owners who turn off notifications because of frequency or relevance

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THE GIRL WITH THE GADGET TATTOO

It's time to reorient the tech industry toward the majority of the customers it serves: women. *By Erin Griffith*

TECHNOLOGY COMPANIES know the value of early adopters who are eager to try a hot new product and tell all their friends about it. But early adopters no longer look like the stereotypical hoodie-wearing gadget nerd obsessing over the specs of the latest iPhone—in part because they're no longer men. Today young women are beating men to technology trends.

Women are more likely than men to build a personal blog, follow a brand or celebrity, or have a social networking profile, according to Nielsen.

Women check their phones more often than men and play mobile games more often than men, according to Experian. More teenage girls use Snapchat than male peers of the same age. When today's young women become adults, they will influence more spending decisions than anyone else in their household.

Yet nearly all the tech products women adopt are created, financed, designed, and built primarily by men.

There was a time when tech's titans could easily shrug off their industry's big, awkward gender problem. Why are tech companies led and staffed primarily by men? "It's a pipeline problem!" Why did 93% of venture deals over the past six years go to startups led by men? "There just aren't very many women in tech." Why do women account for less than 6% of decision-making partners at venture firms? "Um, we can't find any qualified candidates?"

Women in tech are tired of these excuses, and it's beginning to show. The

backlash was swift last December when Sequoia Capital chairman Michael Moritz told a reporter that the firm would not "lower our standards" to hire female partners. Moritz tempered his comments amid a storm of frustration on social media—because after all, women are more likely to use social media than men.

It isn't difficult to solve this problem. Consider BBG Ventures. The AOL-backed firm invests exclusively in startups with at least one female founder. President Susan Lyne has had no problem filling its pipeline since founding the firm in 2014: In 20 months BBG met with more than 1,000 startups and invested in 34. Among them: Ringly, which crafts Bluetooth-connected jewelry; goTenna, which makes antennas for areas without cellular service; and Thesis, a startup using rocket science to design comfortable high heels.

The problem is not a lack of qualified female founders, Lyne says—it's the network-driven nature of the tech industry. Venture capitalists citing pipeline problems aren't connected to many female founders, so they assume there aren't any worthwhile ones out there.

The solution is simple, techies: Apply your urge to tackle world-changing challenges to expanding your own social networks. That's hardly a pipe dream. **FB**

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Private air travel can be a transformative experience, but the bottom line is about practicality, not luxury. Recent studies of small, midsize, and S&P 500 companies by financial consultancy NEXA Advisors have found that companies that utilize business aviation achieve higher revenues, profitability, and shareholder value than their airline-bound peers.

HEALTHY REBOUND

Reflecting this reality, business aviation continues a healthy rebound from the 2008 economic downturn. In its latest 2016 quarterly survey, aviation data service ARGUS International reports that private, charter, and fractional flight activity is up an average of 3% over the previous year, across most types of business aircraft, from turboprops to large-cabin jets. Only midsize aircraft, where activity was essentially flat, bucked the trend.

Air charter remains the simplest route to flying privately.

Yesterday's limited aircraft selection and standard round-trip rates—which penalized single-leg travelers—have been replaced by one-way pricing and round-trip discounts, thanks to innovations like “floating fleets” and networked scheduling software pioneered by XOJet and others. Charter access has also gotten faster, reflecting powerful new apps and back-end platforms that enable customers to search for and book charter flights on their smart devices.

Debit-style jet cards, which provide guaranteed access to business aircraft, have also evolved. Traditionally providing access to just one aircraft type, today's jet card programs offer guaranteed access to any category of aircraft, from light to large-cabin jets, and provide other ways to fine-tune aircraft selection. Sentient, a major name in the business, offers “Preferred” and “Select” jet cards, featuring, respectively, the latest aircraft or lower-priced older and refurbished models.

New aircraft are poised to join the global fleet of business jets. The list includes Cessna's Citation Latitude; Gulfstream's G500 and G600, which cruise at nine-tenths the speed of sound; Dassault Falcon's 5X, the widest Falcon ever; and Bombardier's ultra-long-range Global 7000 and Global 8000.

Fractional ownership, which offers a shortcut route to these highly coveted new aircraft, is preferred by business



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jet users seeking the highest level of service quality without the costs and responsibilities of actually owning the entire aircraft. Fractional programs provide exclusive, specially configured aircraft that maximize onboard comfort and efficiency, such as NetJets' Signature and Flexjet's Red Label series aircraft.

Flexjet recently delivered another Embraer Legacy 500 for its Red Label fleet—the 1,000th business jet that Embraer, the Brazilian manufacturer, has produced since it began building business jets in 2000. This midsize Legacy 500 is part of a larger commitment by Flexjet to Embraer's business fleet that includes future deliveries of the manufacturer's new mid-light Legacy 450, as well as its established fleet of Phenom 300s—Embraer's light jet offering and the most-delivered business craft for the past three years.

These three aircraft represent well the seven business jets offered by Embraer. Each aircraft in this portfolio—which includes the revolutionary Phenom 100 light jet, the Legacy 600 super midsize, the large Legacy 650, and flagship ultra-large Lineage 1000—introduces new standards of performance and comfort while delivering the low operating costs and high utilization associated with Embraer's successful commercial jets.

Embraer also makes a practice of introducing to the wider business aviation community technologies once reserved for the largest and most expensive jets, as evidenced by the use

of fly-by-wire—a sophisticated flight control technology—in the midsize and mid-light sectors.

HIGH IN THE SKY

Onboard connectivity solutions are also adding to business aviation's power, transforming cabins into true offices and/or entertainment centers in the sky. High-speed data links enable principals to be more productive onboard through videoconferencing, data streaming, and the use of personal devices for business. And with greater bandwidth from Ka-band high-capacity-satellites, clients can use personal devices to stream Amazon Prime, Netflix, Hulu, and YouTube. Crew and pilots also can leverage the internet for operational use. "It's an exciting time to be in the in-flight connectivity market," says James Person, director, Global Business Development, Business Aviation/VVIP business sectors at ViaSat, a leading airborne high-speed internet service provider.

Vertically integrated ViaSat provides the ground network, onboard hardware, and high-capacity satellite platform that comprise the most integrated, efficient, and reliable connectivity systems available. Its global broadband service provides connectivity on some of the best-selling platforms found on Gulfstream's large-cabin jets, Dassault Falcons, Bombardier Challenger and Global jets, as well as government, military, and commercial aircraft from JetBlue, Virgin America, and United Airlines.

ViaSat can already handle more data than any other airborne connectivity provider. The company is currently working on its new ViaSat-3 class satellites, allowing the company to cover the world and deliver the highest-speed, most reliable global satellite broadband offering to the business aviation market today. The company's global service covers more than 90% of the world's most popular airline flight paths to ensure an optimal user experience. "Our capacity works in our customers' favor because of the economies of scale," says Person.

More good news: You don't need a new jet to enjoy onboard connectivity, or almost any other "bizav" innovation. Older platforms can be transformed into like-new airplanes, thanks to the expanding range of upgrade products and retrofit specialists. The low prices of good preowned aircraft, along with OEMs hungry for sales in today's relatively soft environment, make ownership an economically viable solution for a growing number of business jet users.

In short, business aviation has never enabled greater productivity with such effortless access: The jet is now the new office. ●

Left: Greater bandwidth enables increased productivity with personal devices. Below: the Embraer Legacy 500.





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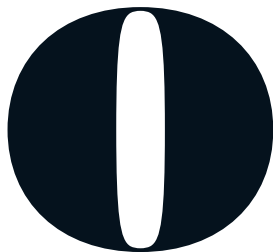


CLEANING UP AFTER AN OIL GLUT

Oil prices have risen sharply in 2016, but not all energy stocks will benefit from the rebound. Here's who is poised to win.

By Lauren Silka Laughlin

STYLING: MEGAN CAPONETTO



ON JUNE 16, 2014, Brent crude oil peaked at \$116 a barrel. Over the next 19 months, its price dropped more than 70%, to a 13-year low of \$28 on Jan. 20, 2016. How has that slide affected the energy sector? Let us count the ways.

Bankruptcies? They've become routine, as companies struggle to service the debt they took on to finance their drilling; there were 77 North American energy bankruptcies between the beginning of 2015 and mid-May. Profits? Evaporated, as the price of oil fell below the cost of extracting it for many companies. Collectively, the 32 oil-and-gas titans in the *Fortune* 500 swung from \$91 billion in profits in 2014 to \$46 billion in losses in 2015. And energy stocks as a whole? They endured a cover-your-eyes nosedive, as the S&P Global Oil Index fell 52% between June 2014 and this January.

Energy investors have been starved for good news—and this spring they got some. At \$48 a barrel in mid-May, Brent crude had risen 50% from its January bottom. Many analysts believe prices have stabilized, and if true, that could

bring a gusher of opportunity. Eric Nuttall, portfolio manager of Canada's Sprott Energy Fund, jokes that with stocks so badly depressed, "prices can double and still be down 80%."

That said, would-be investors should proceed under a caution flag. For starters, few analysts believe prices will keep rising at this spring's pace. Goldman Sachs, for example, predicts oil will stay flat in 2016, inching up to \$60 a barrel by the end of 2017. And even if the increase accelerates, not all oil and gas stocks will benefit equally.

The oil-price crash, of course, was the result of an oil glut. When prices were high, producers launched countless new projects—with U.S. companies in particular using fracking and horizontal drilling to tap previously unreachable reserves. That brought a flood of new supply to the market just as the global economy—and global demand for oil—began to weaken. Prices plummeted, but few producers were willing to slow their pumping; many needed to bring in as much cash as possible to service their debt.

"The price falls in a commodity market until someone blinks," says Jonathan Waghorn, co-portfolio manager of the Guinness Atkinson Global Energy Fund in London. In the first quarter of this year, oil companies blinked en masse, reducing output in the face

of big losses. "Big integrated oil companies are decreasing investment significantly," says John Dowd, manager of energy-related investments including the Fidelity Select Energy Portfolio mutual fund. The result: In March, oil inventories finally fell, reversing a yearlong trend.

Demand is rising too: Goldman says China and other emerging markets are using more oil than analysts had anticipated, while low

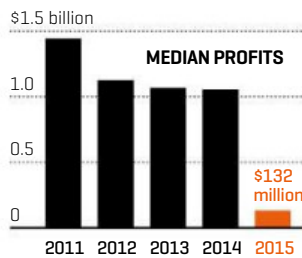
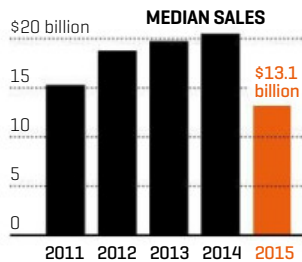
gas prices are encouraging American consumers to drive more than ever. (The average price of gasoline was \$2.22 a gallon in April—cheaper than in 1931, when adjusted for inflation.)

When prices rise, the companies that do best are explorers and producers (E&P), which get most of their revenue from selling the crude they extract. But the "breakeven" points for these companies—their cost-per-barrel of producing oil—vary widely. Oil reached by conventional "vertical" drilling can cost \$25 a barrel or less; oil extracted by fracking can cost from \$35 to \$80 a barrel. For investors, the two urgent questions are: Is a company above breakeven? And if not, can it keep up with its debt payments while it waits for profitability?

Given these criteria, Waghorn of Guinness Atkinson is a fan of **Hess**. Formerly an integrated oil company with interests in transportation and refining, Hess in 2013 spun off many of its businesses in order to focus on E&P. About two-thirds of its crude production comes from the U.S., and a third of that comes from fracking in the Bakken formation in the northern Great Plains. Hess's Bakken wells remain below breakeven, and its Ebitda (earnings before interest, taxes, depreciation, and amortization) fell sharply in 2015. But Waghorn says Hess's wide range of oil reserves,

THE CRUELTY OF CRUDE

In 2015, falling oil and gas prices and heavy debt loads hammered the balance sheets of the 32 energy companies in the *Fortune* 500.



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including fields in Guyana, will help diversify its revenue sources in case prices stall at current levels. And its current debt-to-Ebitda ratio of 2.6, below the industry average, suggests that it has more flexibility to withstand sustained low prices than many of its competitors.

Dowd of Fidelity singles out **EOG Resources**. EOG, too, gets much of its oil from fracking, but it has invested particularly heavily in scientists and technology to help it drill more accurately. That saves time and money, making EOG's wells more productive and delivering what Dowd says are some of the "best well economies" in the Bakken and the Eagle Ford in south Texas. Recently the company told investors it could profit on some of its production at \$30 a barrel—which would give it some insurance if prices fell again.

Among smaller producers,

Waghorn singles out **Carrizo Oil & Gas**. Carrizo's breakeven point, at \$60 a barrel, is relatively low among frackers, and the company holds the rights to an unusually strong portfolio of oil and gas fields, which Waghorn thinks make it a likely acquisition target. Investors who would prefer to play E&P companies more broadly could consider the iShares U.S. Oil & Gas Exploration & Production ETF, which focuses on large-cap companies and has an expense ratio of 0.43%.

A better climate for oil producers is also good news for oilfield servicers. Servicers, in essence, do the dirty work for E&P companies: The producer finds the right location to drill and finances the operation, but the servicer provides the tools and people to build, maintain, and test those wells. U.S. producers have become particularly dependent on



servicers, and among such companies, Waghorn says, the best positioned is **Halliburton**. The company has absorbed a blow to revenue as the industry struggled—in 2015 it posted its first annual loss in more than a decade—and it suffered a setback this spring when an attempted merger with rival Baker Hughes fell through. But Halliburton increased its market share during the oil slump, and it should thrive when U.S. producers go into

growth mode again.

While E&P and service companies benefit from rising prices, the same can't always be said for "downstream" businesses (think refiners and gas station operators) or "midstream" firms that transport oil. Downstream companies make money on the difference between the price of crude and the price of the refined petroleum extracted from it (a difference known as the "crack spread"), while midstreaming is a volume business (ship more oil, earn more money). These businesses aren't likely to get a big earnings boost until customer demand becomes much more vigorous.

The upshot: For now investors should avoid pure-play downstream companies like Marathon Petroleum, which has focused on refining, retail gas sales, and transport since being spun off from Marathon Oil in 2011. Managers also say it's not the right time to boost your exposure to integrated oil giants that encompass both oil production and downstream operations. Exxon Mobil, for example, is a major oil producer, but experts expect its downstream businesses to drag down its growth relative to pure E&P companies. From one perspective, Exxon's stock is a victim of its own stability: It fell only 30% during the oil slump and has already recovered much of the ground it lost, so money managers don't expect it to rally much further. It's a dominant company, yes—but at 20 times expected 2017 earnings, not a great buy. **IN**

WHO WINS WHEN OIL RISES?

The oil-price rebound has sparked a recovery for energy stocks. Still, until the global economy gets stronger, the rally will leave some parts of the industry behind.

WINNING
 EXPLORATION AND PRODUCTION

The companies that extract oil and control access to reserves are the ones whose fortunes most closely track the price of oil. Many smaller "E&P" firms went bankrupt during the recent slump, but survivors with stronger balance sheets, including Hess and EOG Resources, now look good to investors.

TREADING WATER
 INTEGRATED OIL 'MAJORS'

Oil giants like Shell, Exxon Mobil, and BP do plenty of exploration and drilling. They also have "downstream" businesses, however—think refining and gas-station operations—and higher prices hurt those units' profits. Until consumer demand gets stronger, they won't benefit as much from oil's rebound.

HURTING
 REFINERS AND TRANSPORTERS

Companies that refine and sell petroleum products pay market price for oil, so their costs are rising, but a shaky economy makes it harder for them to pass costs on to customers. Stocks of pipeline and trucking companies, meanwhile, won't get much of a bump until rising demand boosts the volume they handle.



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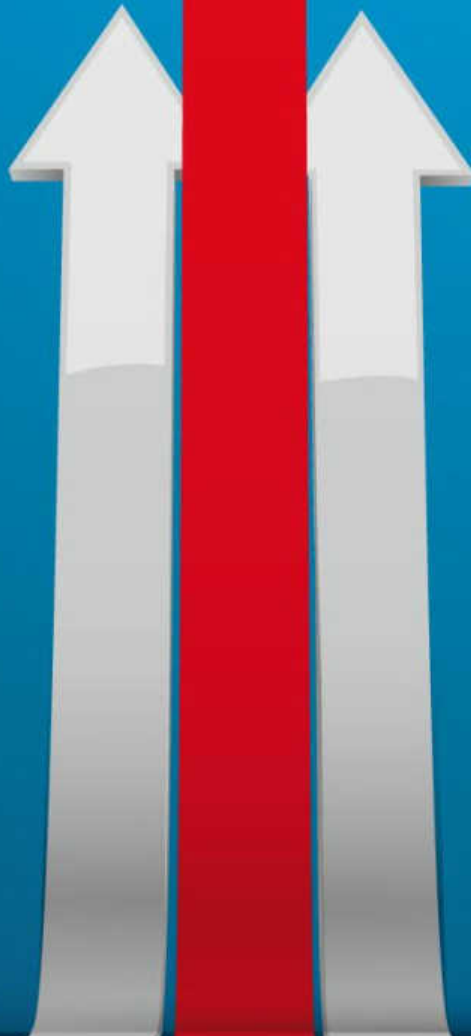
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The Lone Star State—which had the distinction of being a stand-alone country for almost a decade in the 1800s—has made a habit of luring companies away from other states like California, where taxes and the litigation environment are seen by some as burdensome. It doesn't require a hard sell, says Gov. Greg Abbott, who took office in January 2015. "In California, we don't need to make a sales pitch; we just take applications," he says, laughing. CEOs have told him that a big attraction is quality of life. Housing costs are lower in Texas and the traffic better, at least in some areas. The legis-

"THE STARS AT NIGHT ARE BIG AND BRIGHT, DEEP IN THE HEART OF TEXAS."

So goes the 1941 song that has become the unofficial anthem of the nation's second-largest state. But while the stars continue to shine, the biggest and brightest spots illuminating the vast Texas panorama now are the thriving companies based in the state, the innovation blossoming within its borders, and a remarkably robust economy.

Texas may be second to Alaska in size, but it is second to none when it comes to how it does business. In May, *Chief Executive* proclaimed it the No. 1 state for business for the 12th year in a row and one of the five best for workforce quality. These are just a few of the honors Texas has garnered in recent years. Others include *Site Selection's* 2015

lature has established a special fund that will commit \$40 billion over 10 years to build more roads, "to make it even easier to get around the state," says Abbott. "We're constantly striving to make Texas an even better state in which to do business, particularly for entrepreneurs."

Texas is home to a whopping 51 *Fortune* 500 companies, and high-tech firms are becoming increasingly partial to the state, which in 2015 not only led the nation in exports for the 14th year in a row, but in high-tech exports as well. Last year Google expanded its presence in Austin, the state capital, where Google's parent Alphabet installed its superfast fiber-optic Internet service, Google Fiber, and where it tests self-driving cars. Apple's largest campus outside of Silicon Valley is in Austin, and Facebook, with operations in the city since

Robotic machines weld together the frames of sport utility vehicles at the General Motors Co. assembly plant in Arlington.

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“

We're constantly striving to make Texas an even better state in which to do business, particularly for entrepreneurs.”



Greg Abbott
GOVERNOR
Texas

Above right, the State Capitol building in Austin; below, downtown Houston at night

2010, is expanding its Texas presence with a \$1 billion wind-powered data center in North Fort Worth. Amazon, too, has announced plans for a sixth Texas fulfillment center in the Dallas–Fort Worth area, and SpaceX is building a rocket launch site near Brownsville on the South Texas coast.

Marquee names, to be sure, but they only hint at what officials and others say is the biggest economic story in the state today. Although Texas remains the country's largest producer of crude oil, the extensive diversification of its key industries is both obvious and a welcome blessing. After topping \$100 in 2014, the price per barrel dropped to a low of \$26 in February 2016. (At last look, it was \$48.) Ray Perryman, president and CEO of the Perryman Group, an economic research and analysis firm based in Waco, says the impact was “decidedly negative—but not catastrophic. Texas continues to have more major corporate locations and expansion projects than any other state, with projects covering a spectrum of industries.”

Lower energy prices have in fact benefited the state, according to a recent report from Austin-based Angelou Economics. The decline is putting “more money in Texans’ pockets,” says principal executive officer Angelos Angelou. “The number is staggering—a net benefit of \$9 billion or so a year.” It’s fortunate, too, that the state’s budget doesn’t rely on taxes levied on oil and gas revenues, which mostly go into a rainy-day fund.

Most important from a business standpoint are the state’s successful efforts to broaden its key industries. “After the oil and gas downturn of the 1980s we knew that we needed to diversify our



economy,” says Abbott. “It’s grown so diversified that oil and gas is no longer the meat and potatoes of our economy—it’s the gravy on the top of the food.”

“One of the things I strive to correct is that Texas is not just oil,” Richard Fischer, former president of the Federal Reserve Bank of Dallas, told CNBC earlier this year, noting that oil, gas, and mining account for only 2.5% of Texas’ employment and about 12% of its output. Even after a 50,000-job loss in the oil and gas sector last year, Texas still added 167,000 jobs overall, and in March of this year the state’s seasonally adjusted unemployment rate was holding steady at 4.3%, well below the national average of 5%.

The Perryman Group forecasts that Texas is likely to outpace the U.S. growth rate over the next five years, with a projected expansion in real GDP at a 4.15% compound annual growth rate through 2020, accompanied by a net gain of 1.4 million new jobs.

Diversification has paid off. “We are home to at least six large and growing clusters,” says Tracye McDaniel, president and CEO of TexasOne, the marketing arm for the state’s Economic Development Corp. “Advanced technology and manufacturing; aerospace and defense; biotech and life sciences; information technology, including cybersecurity; petroleum, refineries, and



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Greg Abbott
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An attendee tries out a Samsung Gear virtual reality headset at the South By Southwest (SXSW) conference, which took place at the Austin Convention Center in March.

chemical products; and energy.” Even now, with depressed oil prices, two major companies in the industry—Exxon and Chevron Corp.— are expanding in the state.

It helps that Texas boasts some, well, Texas-size advantages for companies looking to relocate. “The states that continue to prosper will be the ones that have a low cost of living and a low cost of doing business,” Keith Phillips, senior economist at the Federal Reserve Bank of Dallas, told the Texas Economic Forecast meeting in January. “That continues to be a strength in Texas.”

Texas lays claim to three of the country's most affordable cities, and its low taxes and regulatory burdens, along with robust incentives and assistance programs, make it particularly attractive to set up shop there. TexasOne's McDaniel, a Texas native who worked for Governors Ann Richards and George W. Bush before she was lured to New Jersey for four years, came home in 2015. “One of the best things I loved about moving back was there's no individual state income tax here,” she says with a laugh. Texas levies no corporate income tax or statewide property tax either—and it's always on the hunt for ways to reduce levies even more. “Even though Texas has been known as a low-tax state, we cut taxes by another \$4 billion last year,” notes Abbott. “One thing about our state is that we will not be complacent.”

The state also touts its tort reform, achieved

through more than a decade of legislation limiting litigation and capping damages. “Texas rewrote everything from class-action certification to product liability,” *The Wall Street Journal* wrote in a 2011 editorial.

Among the state's impressive slate of business incentives, the one nicknamed the Deal Closer, is the Texas Enterprise Fund, which issues a cash grant for projects that promise significant job creation and capital investment in cases “where a single Texas site is competing with another viable out-of-state option.” Since 2004, the fund has awarded more than \$580 million in grants to more than 135 companies across a range of industries. Companies that have accepted TEF grants are responsible for the creation of nearly 80,000 jobs and have invested more than \$26.5 billion into the Texas economy.

Of course, all the initiatives and tax breaks in the world won't do much good without a skilled labor pool. Texas, a right-to-work state, boasts the second-largest civilian workforce in the country at 13 million, notes McDaniel: “We've been a strong job-creation engine for years.” That holds true even for jobs created by foreign direct investment, according to a 2014 study by the Brookings Institution and JPMorgan Chase, which ranked Texas second in the nation.

The state has made a strong commitment to education and training. Home to more than 146 higher-education institutions, it awarded over 270,000 degrees statewide last year. “People don't realize how good our schools are, whether at the high school or higher-education level,” says Abbott. “We're increasingly focused on STEM education from kindergarten all the way through high school.”

Abbott and other officials want Texas to become the capital of cutting-edge research. According to McDaniel, it's already the No. 3 state for hosting clinical trials, and 20,300 studies are underway there. Last year, Abbott created a new program, the Governor's University Research Initiative, that commits \$40 million to attract world-class researchers, National Academy of Sciences members, and Nobel laureates to Texas. “The focus is on research projects that also bring good, high-quality jobs,” he says. “Texas has been known as an energy state, but if you were to fast-forward not far into the future, you'd find that Texas has transformed into being No. 1 in innovation.”



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We believe we have all the ingredients in the next five, 10, 20 years to be really globally competitive—if not the top place for biosciences overall.”

Dr. Robert C. Robbins

*President and CEO
Texas Medical Center*

Texas Medical Center, where at least \$2 billion worth of research is being conducted, is leading that transformation. The largest medical complex in the world, TMC occupies 50 million square feet south of downtown Houston, encompassing 56 hospitals and other health care-related institutions and serving 8 million patients annually. Under President and CEO Dr. Robert C. Robbins, the center is launching a drive to promote multi-institutional collaboration to bring life science breakthroughs to market, with plans to build a \$1.5 billion, 30-acre biotechnology research center on a campus called TMC3.

Under TMC’s strategic plan, Robbins and his team are launching five institutes focused on health policy, genomics, regenerative medicine, clinical trials, and innovation. Johnson & Johnson and AT&T have already opened commercial labs at TMC’s Innovation Institute, also home to TMCx, the medical center’s startup accelerator. “We’re in discussions with other global companies about making Houston a competitive, global life science cluster, not only for clinical care, research, and education but for translating research into commercial products,” says Robbins. “We believe we have all the ingredients

in the next five, 10, 20 years to be really globally competitive—if not the top place for biosciences overall.”

Medicine and research are increasingly important to Houston’s economy and particularly valuable during the oil slump. But the city, like Texas, has endured this downturn much better than the last. “The city is very resilient, far more diversified and larger than it was in the ‘80s,” says Scott Prochazka, president and CEO of CenterPoint Energy, an electric and gas utility whose Houston lineage goes back 140 years, when its original predecessor used oysters and coal to power street lights. While the company’s customers now extend to Arkansas, Louisiana, Minnesota, Mississippi, and Oklahoma, it retains a strong attachment to Houston.

“We want to make sure that we’re a good citizen in our community, so we want to help those who need it,” says Prochazka, noting that CenterPoint’s philanthropic efforts include financial contributions and more than 200,000 donated employee hours. “Our company is also proud to be involved



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in forward-thinking activities," he adds, pointing to smart meters and other technologies that allow CenterPoint to communicate with customers almost instantly in an outage. The company also invests in grid technologies that enable options for customizing energy consumption, including buying green power or solar or plugging in an electric vehicle. "Our business is to allow all these users to do what they want, and our network will be their enabler," explains Prochazka.

Houston will get a boost when the Panama Canal expansion is completed later this year. The Port of Houston, which has already undertaken its own expansion to accommodate greater traffic, is one of 16 seaports along 624 miles of Texas coastline and part of the state's unparalleled transportation infrastructure, which includes the second-largest airport system in the U.S. and more miles of freight tracks and public roads than any other state.

One of those roads has inspired a moniker, the

I-35 Firewall, so dubbed because three metro areas along that interstate corridor—San Antonio, Austin, and Dallas—keep generating jobs even when oil goes south. (Other locations are propelling growth too: An entrepreneurship cluster is blooming in Lubbock, for example, a city at the edge of West Texas and the panhandle, which boasts four universities and a longstanding R&D culture.)

General Motors has a strong presence not just on I-35 but statewide. "Our operations in Texas play a crucial role for our business," says Bryan Roosa, executive director of North America Government Relations. "Since 2011, we've invested \$1.9 billion in our Texas manufacturing operations alone."

GM's Texas history began in 1954 when it opened an assembly plant in the city of Arlington that 62 years later produces, says Roosa, "some of the award-winning gems of our vehicle portfolio": its full-size SUVs, including the Cadillac Escalade. GM located one of its four IT innovation centers in Austin, and GM Financial, headquartered in Fort Worth, has just broken ground on another location in San Antonio. The company has approximately 10,000 direct employees and 20,000 GM dealership employees across the state; they share GM's

Texas Medical Center occupies 50 million square feet south of downtown Houston, encompassing 56 hospitals and other health care-related institutions and serving 8 million patients annually.

TEXAS MEDICAL CENTER

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McLane started out as a small retail grocery store in Cameron, Texas in 1894 and soon transitioned into wholesale and distribution.

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“

Our business is up since we've come here. We are surrounded by growth and excited about the future.”

Gary Evert
CEO
Hilti, Inc.

sense of community responsibility, says Roosa. A \$1 million GM Foundation grant, for example, helped open two tech labs in Texas through the League of United Latin American Citizens' Empower Hispanic America with Technology initiative. Says Roosa, “We're committed to giving back.”

McLane Company, headquartered an hour north of Austin in Temple, began its growth story in 1894 as a grocery business founded by Robert McLane. The wholly owned unit of Berkshire Hathaway is now a \$48 billion, leading supply-chain services company for the retail grocery and food-service industries, with 80 U.S. distribution centers. Its 3,300 Texas “teammates,” says president and CEO Grady Rosier, a 2015 Texas Business Hall of Fame inductee, “make sure that retailers and restaurants have the products Texans love.”

Farther north, in Dallas, the financial industry has always been strong, despite a whipping in the '80s and '90s during the savings and loan crisis, when many local banks failed and were replaced by big banks from out of state. “We felt a lot of middle-market businesses were underserved,” says Keith Cargill, president and CEO of Texas Capital Bank. In 1998, he and six other bankers

founded “a true Texas bank serving true Texas companies.” The bank has grown not through acquisitions but “90% by word-of-mouth,” he says. Its associates treat one another—and clients—as partners. A special point of pride for Cargill? “We have the most amazing people who give of themselves in the community.”

In a state that's so good at lowering people's tax bills, Dallas-based tax services firm Ryan LLC stands out as one of the few professional services firms that focuses solely on helping companies manage their taxes. Chairman and CEO G. Brint Ryan, a fourth-generation Texan, opened the business in 1991. It now operates in 40 countries. “We've grown in many respects as the state has grown,” he says. “We believe we're the largest tax-only firm in the world. We want to be the neurosurgeons of tax.”

Businesses hatched in Texas typically stick around—but if you want to know why so many other companies are tempted to put down roots there, just ask Hilti, Inc. Last year, the company, which provides products, services, and software to the professional construction market, moved its headquarters from Tulsa, Okla. to Dallas, looking

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for an expanded talent pool in a major construction market with a strong transportation hub. "Our business is up since we've come here," says president and CEO Cary Evert. "We are surrounded by growth and excited about the future."

Noelle LeVeaux, Chief Marketing Officer of the Dallas Convention & Visitors Bureau, agrees. "The proof in the pudding of how well we're doing are the 15 to 20 hotels coming online in the next 18 months," she says. "Our job market is off the charts, based on homegrown companies and those moving in from other states."

It's not just companies that are stampeding to Texas. "I was in San Diego recently visiting with a number of CEOs," says Angelos Angelou. "Every time I mentioned I'm from Austin, their eyes would light up and they'd say their son or daughter is working at a startup in Austin or Houston."

Transplanted Texans quickly learn why the state generates the third-largest share of U.S. domestic travel revenue: Its geography encompasses the high desert, the Gulf Coast, Hill Country, rivers, and lakes. There's more, including Austin's famous music scene; symphonies, theaters, and art museums throughout the state; sports; barbecue ... you name it.



TEXAS WEB DIRECTORY

| | |
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| Dallas Convention & Visitors Bureau | visitdallas.com |
| General Motors Company | gm.com |
| Hilti, Inc. | us.hilti.com |
| McLane Company, Inc. | mclaneco.com |
| Ryan, LLC | ryan.com |
| Texas Capital Bank | texascapitalbank.com |
| Texas Medical Center | tmc.edu |

Among the most notable features of Texas are its people, who represent a highly diverse mix of ethnicities, display fierce Texas pride, and convey a "Y'all come!" attitude. "Our governor likes to tell the story of how he was bound to a wheelchair," says McDaniel, referring to an accident in Abbott's twenties that left him partially paralyzed. "How someone in his predicament can be the governor of the strongest state in the country lets you know we are the land of opportunity." ● —Robin Micheli

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HILTI

Hilti is a 75-year-old privately held company committed to providing leading products, services and software to professionals in the construction industry. We invest heavily in our people, training and culture. Explore who we are and what we do. Discover how we give back to our communities and how we help our customers get their jobs done right by visiting us at www.us.hilti.com.



If you haven't been to Dallas in a while, you haven't been to Dallas. Just look downtown. It's blossomed into a vibrant, walkable environment full of restaurants, bars, entertainment and green spaces. New hotels are going up, our culinary scene is sizzling, and we have the largest urban arts district in the country. The city's never been better for business—we offer top-notch venues for meetings and events like the Kay Bailey Hutchison Convention Center—but we're also a prime destination for family vacations, golf getaways, shopping splurges, and, of course, enjoying Texas football at a Dallas Cowboys game.

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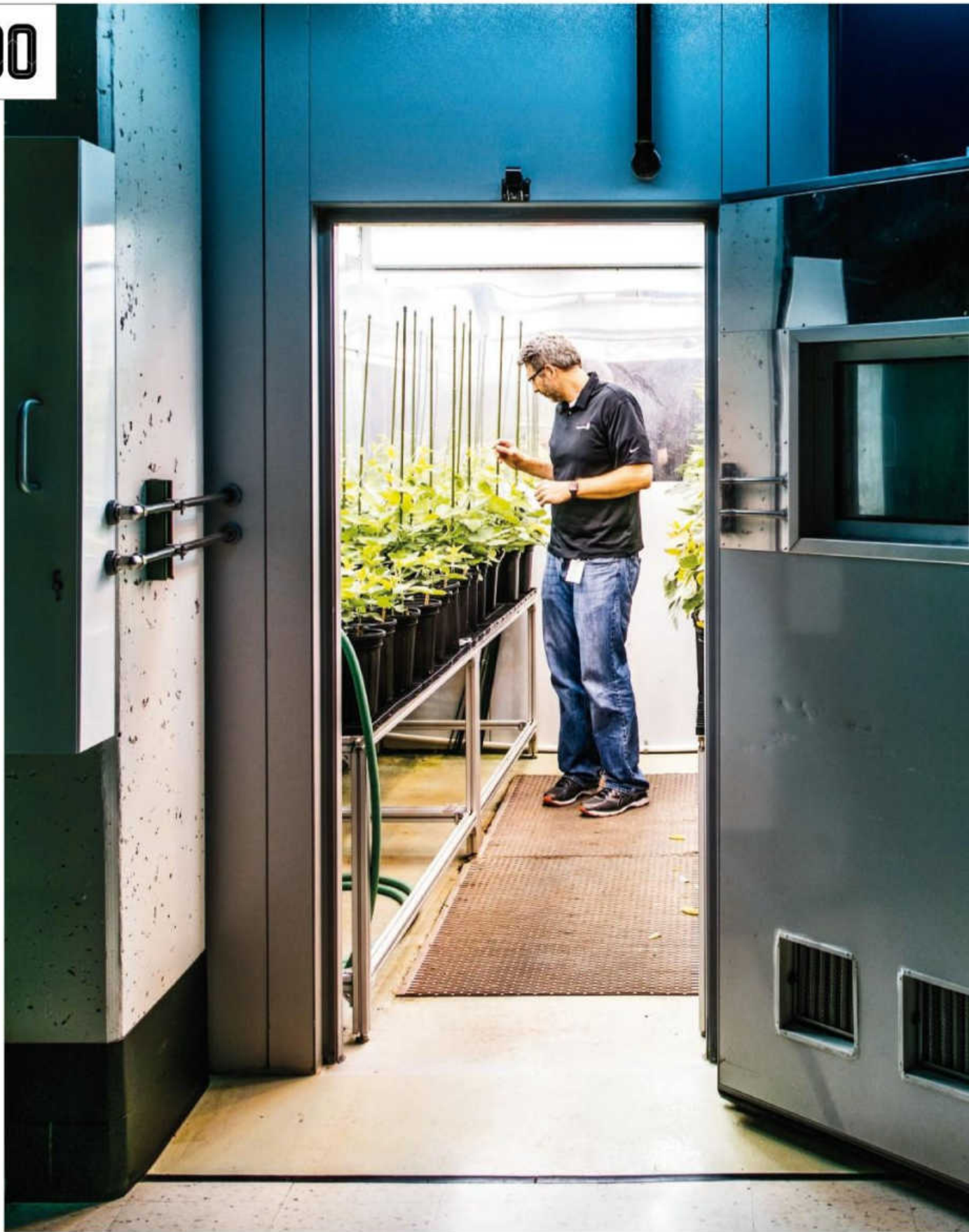
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PHOTOGRAPHS BY RYAN DONNELL



CAN MONSANTO SAVE THE PLANET?

The world's most vilified company—now a takeover target—has a plan to feed us all. Will it work?

BY BETH KOWITT

RANK
189

MONSANTO
COMPANY
PROFILE

REVENUES

\$15.0
BILLION

PROFITS

\$2.3
BILLION

EMPLOYEES

24,000

TOTAL RETURN
TO SHAREHOLDERS
(2005-2015
ANNUAL RATE)

11.3%

SECRET GARDEN
MONSANTO
WORKER
ED FISCHER
CHECKS ON SOY-
BEAN PLANTS
IN A GROWTH
CHAMBER AT
THE COMPANY'S
CHESTERFIELD,
MO., R&D
FACILITY.

All it took was the barnacle geese.

In July 2008 the National Geographic Society and other groups invited a few dozen corporate chieftains, world leaders, and scientists on a private boat trip to the Arctic. Among the passengers were Google co-founder Larry Page, former eBay (and now HP Enterprise) CEO Meg Whitman, and former Secretary of State Madeleine Albright.

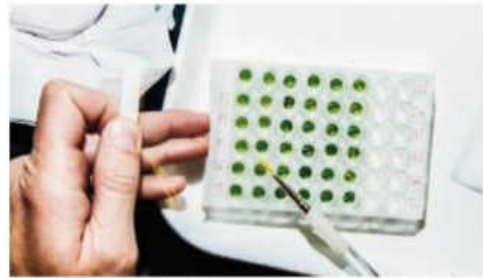
Former President Jimmy Carter was there, too, as was CNN's billionaire founder Ted Turner. Every day the passengers braved the waters in Zodiac inflatables to examine the flora, fauna, and melting ice pack. When they arrived at the Svalbard archipelago, a few members of the group jumped into the frigid sea. "Just the idiots did," says Hugh Grant, chairman and CEO of the agricultural giant Monsanto, who was among those who took the plunge.

There, between Norway and the North Pole, Grant saw legions of black-and-white barnacle geese, which arrive like clockwork in May after wintering in Scotland, Grant's native land. The geese normally synchronize their appearance in Svalbard with the melting snow and the blooming of grass, which they feast on after the long journey. But in recent years, as the Arctic temperature has warmed, the timing of the first bloom of grass has become erratic, limiting the birds' food supply.

Grant, now 58, is a man who favors hard data and statistical rigor, and who studied entomology and molecular biology as an undergraduate before getting a master's degree in agricultural science. But a flurry of academic reports on rising ocean temperatures paled in comparison to seeing the barnacle geese up close. "It was clear without a kilogram of scientific papers that something was happening," Grant says.

Shortly after that excursion, the company

FROM SEED TO STALK RIGHT, FROM TOP: A MONSANTO RESEARCHER TESTS SAMPLES OF GENETICALLY MODIFIED CORN AGAINST SOUTHWESTERN CORN BORER INSECTS; CORN SEEDLINGS AT HEEPKE FARMS NEAR EDWARDSVILLE, ILL.; AND EAR INSPECTION AT A MONSANTO R&D FACILITY IN MISSOURI. FAR RIGHT: FARMER JEFF HEEPKE RUNS HIS HIGH-TECH PLANTER ON THE FAMILY FARM.



Grant leads joined the chorus of other *Fortune* 500 companies robustly warning about the dangers of climate change—rhetoric that ultimately resulted in a pledge by Monsanto last year to become carbon neutral by 2021. It should not have been all that surprising that a company whose \$15 billion in annual revenues come from getting the earth to grow stuff would be concerned about the changing climate of said earth. But critics—of which Monsanto has many—seized on its new initiatives as more evidence of the company's diabolical moneymaking strategy.

Environmentalists, masses of whom rail against Monsanto's production of genetically modified seed (it is the world's largest seller), called the company's pledge to become carbon neutral "greenwashing"—an attempt to distract consumers from what they viewed as Monsanto's ongoing poisoning of the planet. Even many Cornbelt farmers—some of the seedmaker's oldest customers—lashed out, accusing it of giving in to government



and activist pressures by embracing the notion that climate change was even partly man-made. Promising to do something as seemingly benevolent as reduce its greenhouse gas emissions had somehow managed to piss everybody off—which, for the Creve Coeur, Mo., company, was business as usual.

Let us say it plainly: Monsanto is almost surely the most vilified company on the planet. To its diehard critics it embodies all that is wrong with big, industrial agriculture—the corporatization of farming, the decline of smallholders, the excessive use of chemicals, a lack of transparency, and, of course, the big one: the entry of genetically modified organisms into our food supply. The tri-letter acronym GMO has become a four-letter word to millions of people, from earnest middle-schoolers to purist Whole Foods shoppers. In previous decades and in previous corporate iterations, Monsanto (then a mere chemical company) produced Agent Orange, the powerful defoliant used

during the Vietnam War, which was later blamed for causing cancer and other diseases to those exposed. It (and others) made the now-banned pesticide DDT—as well as PCBs, omnipresent toxic compounds that have been disastrous for the environment.

The demonizing of the company has played out in dark and sometimes comedic ways. It's the subject of at least a half-dozen documentaries, with titles ranging from *Seeding Fear* to *Seeds of Death*. It's at the center of several bizarre conspiracy theories: that it bought private military company Blackwater; that, as it plies the rest of the world with GMOs, it serves only organic food in its headquarters' cafeteria; that the company and its "biotech mafia" henchmen caused Chipotle's food-safety crisis through sabotage; and that Monsanto, rather than the Zika virus, is responsible for microcephaly. (Just for the record, Monsanto denies all of this.) "I don't think it's possible for people to feel antagonized by Monsanto more than they already do," says CLSA Americas analyst Mark Connelly, who has covered the company—and the craziness surrounding it—for the past 15 years.

Which brings us to a provocative question: Is it conceivable that the planet's most vilified company could be the one that feeds it?

That, in short, is precisely what Monsanto hopes it can do. "They believe they're feeding the world, and there's no other good way," Connelly says. "Confidence that they're doing the right thing

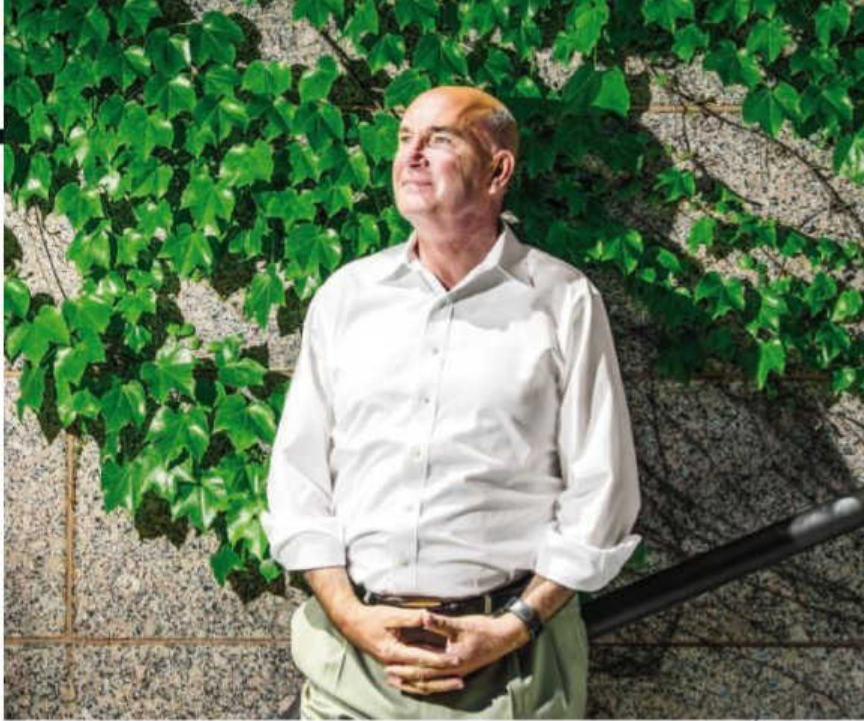
has blinded them to the fact that they need to be out there defending it.”

The United Nations’ Food and Agriculture Organization estimates that we must double the current level of food production to adequately feed a population predicted to hit 9.7 billion by 2050—and we’ll have to do it on less land (much of it scarce of water), using fewer resources. And we’ll have to do it as climate change rewrites the weather rules around the globe—and as ever more of that population achieves middle-class status and wants to eat accordingly. “That equation needs to be solved, and the time scale on that is a handful of generations,” says Grant.

A NASA researcher now predicts that this year will be the hottest on record—the third record-setting year in a row. Depending on where they are in the world, farmers will increasingly wrestle with either intense rainfall or ongoing drought, and the respective pests and pathogens that come with them. The Intergovernmental Panel on Climate Change concludes that changes in climate are already slowing the average growth rate for crop yields by up to 2.5% per decade globally. And in some parts of the world the urgency has already reached a fever pitch. Swaths of Africa, for example, are facing a severe food crisis. “It’s going to require an incredible leap in productivity,” U.S. Secretary of Agriculture Tom Vilsack tells *Fortune*. Even America, the breadbasket for the world, will have trouble keeping pace. During Vilsack’s lifetime, the U.S. increased production by 170% on 26% less farmland. “More advanced agriculture economies aren’t going to be able to make that kind of leap in the next 25 years,” he says.

Unless something big changes.

Historically, Monsanto has tried to increase farm yields through advancements in seed technology alone. Grant calls this “hubris”: “Twenty years ago,” he says, “we thought biotech was going to be the panacea.” In the past half-decade the company has begun to look beyond seed for answers. That has led Monsanto to a string of deals. In 2013 it bought weather-data startup Climate Corp. for \$930 million (more on that in a bit). That same year it partnered

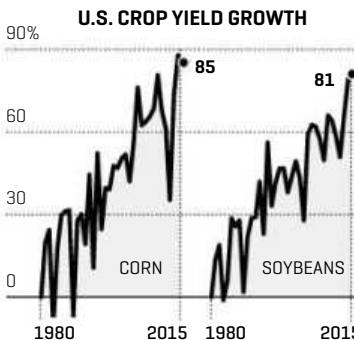


LOOKING TO THE FUTURE
MONSANTO CHAIRMAN AND CEO HUGH GRANT, PHOTOGRAPHED AT THE COMPANY HEADQUARTERS OUTSIDE ST. LOUIS

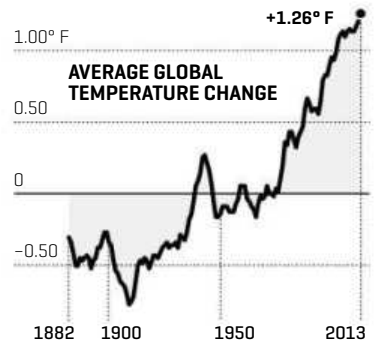
with Danish company Novozymes, hoping to find ways to boost crop yields by harnessing plant microbiomes—the microorganisms that live within and on them. And last year, to shore up its own agrichemical business, it attempted to buy competitor Syngenta—but that deal was rebuffed. (Syngenta has agreed to be acquired by Chinese-government-owned ChemChina.)

Now Monsanto itself is in play. Bayer, the German pharma and chemical giant, made a \$62 billion all-cash offer for the company in May. At the time of publication, Monsanto had rejected the bid as “incomplete and financially inadequate,” though indicated it was open to further discussion. Whether that deal goes through or not, however, Monsanto will not be the same entity in a decade that it is today. The company that

CROP YIELDS HAVE IMPROVED ...



... EVEN AS THE PLANET HAS WARMED ...



SOURCES: S. KENT, JOURNAL OF AGRICULTURAL AND FOOD CHEMISTRY; USDA

SOURCE: NASA; BASE PERIOD 1951-80

was founded in 1901 as a chemical maker, then turned itself into a biotech company, and finally became a seed company is metamorphosing anew: this time, into a data company. Explains Grant: “Ultimately data science becomes the glue, the catalyst, that holds the chemistry and biology together.”

Erik Andrejko, who runs Monsanto’s data science center, frames the company’s new mission more succinctly: “Feeding the world through math.”

THIS PAST DECEMBER David Hula of Charles City, Va., won the National Corn Growers Association’s annual yield contest by squeezing 532 bushels of corn out of a single acre—a world record that trounced the 2015 U.S. national average by a factor of more than three. Hula, notably, had used seed from DuPont’s Pioneer—one of Monsanto’s biggest competitors in the business. But the contest was about more than just bragging rights. It was a testament to the changing hegemony in agricultural science: Even for Monsanto, it wasn’t just about the seed anymore.

Hula had to get everything smack-dab perfect to reach that prize-winning yield: planting his rows the right distance apart, treating the soil with the precise microbes needed to keep it healthy, applying the ideal amount of nitrogen fertilizer at the ideal moment. Farmers make some 40 decisions like these each season—decisions that were once made largely by tradition and

training, but which are now reached increasingly with the help of data. Previously Monsanto’s businesses dealt with only a handful of those variables. Two-thirds of the company’s \$15 billion in revenue is generated from selling seeds and genetically engineered traits such as insect resistance. The remaining third of revenues has come from selling products such as herbicides, primarily Roundup.

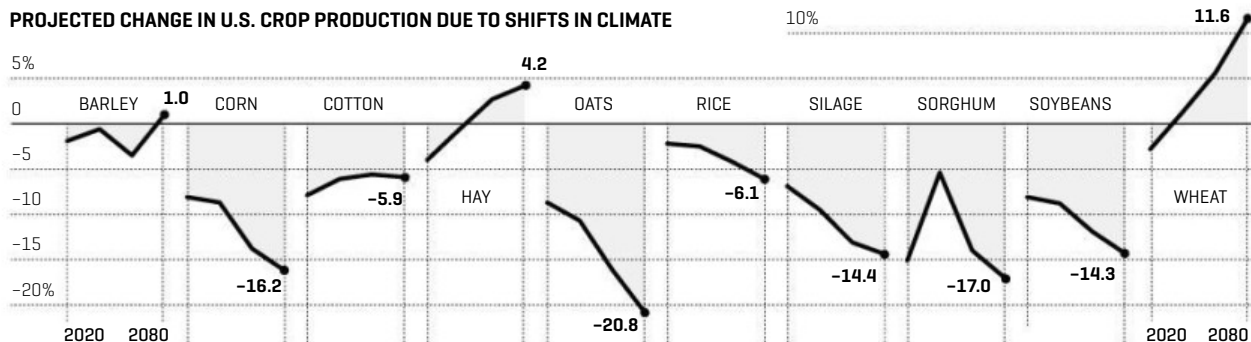
Breeding better seed has contributed to a more than 1% annual increase in corn yields, experts say. Biologists, for instance, have created corn plants that can be clustered closer together, meaning there can be more stalks per acre. Still, that yearly growth rate would leave the U.S. average below 200 bushels by the end of the decade—far from Hula’s corn bonanza and nowhere near enough to feed the planet.

That realization led Monsanto to Climate Corp. Despite its name, the San Francisco startup is not just a weather-data company but also an algorithm builder, working to figure out how genetics, farmer practices, and the environment—what Grant calls “that ghastly, uncontrollable variable”—fit together. The hope is that all of these shards of information can produce what most “big data” efforts rarely do: knowledge one can act on. The goal of Climate Corp. was not to tell farmers they should expect a wet spring, but rather to advise them on how much nitrogen fertilizer to apply in a wet spring on a particular square meter of land, based on how they tilled their soil.

With Climate Corp.’s algorithms—which are based on the analysis of satellite data, weather, field trials, farmer inputs, soil maps, and yield data from millions of acres of U.S. farmland—Monsanto suddenly had a new set of problem-solving tools.

When Monsanto approached Climate Corp.’s founder David Friedberg with an offer to buy his then-seven-year-old company, Friedberg, a former Google employee and lifelong vegetarian, was at first a bit wary. After the acquisition was announced, he wrote a letter to employees acknowledging that many could expect to get emails from family and recruiters with the subject line: “Do you REALLY want to work at the MOST EVIL COMPANY IN THE

... BUT EVENTUALLY, CLIMATE CHANGE AND THE ASSOCIATED EXTREME WEATHER IS PROJECTED TO IMPACT THE FOOD SUPPLY.



SOURCE: USDA



WORLD???!” (He had received a similar comment from his dad.) But Friedberg—who stepped aside as CEO in January and remains a senior adviser—believed that combining Monsanto’s expertise in plant biology with Climate Corp.’s broader data analysis would actually do good in the world. It would also vastly expand Monsanto’s potential market.

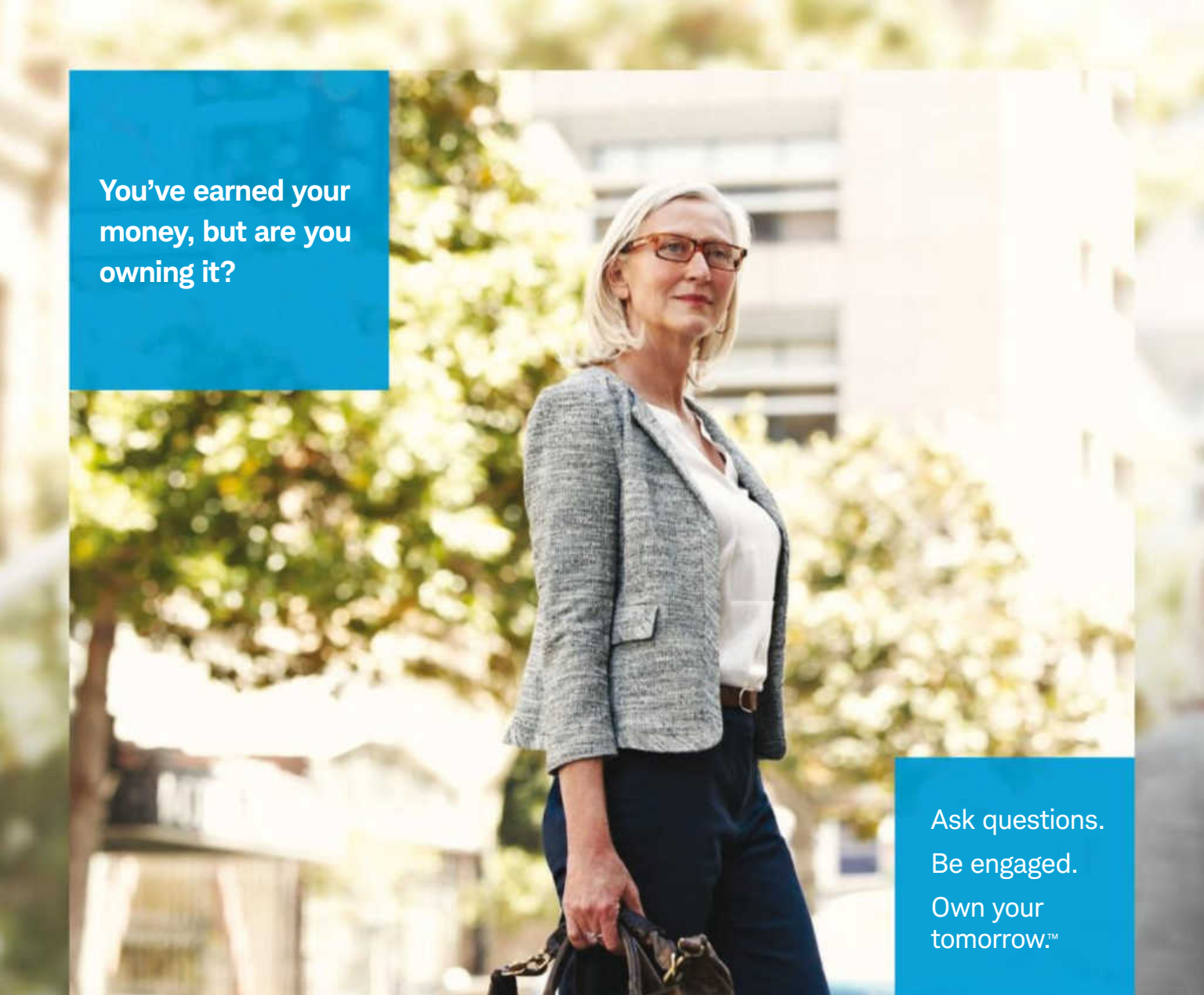
Consider the company’s seed business. Monsanto sells not only its own seeds, genetically modified and otherwise, but also licenses its genetic technology (such as traits that, say, give cotton plants resistance to weed killers) to rival seedmakers. Combined, those seeds now fill some 400 million acres around the globe. That’s a fraction of the nearly 4 billion acres of land the UN estimates is being cultivated. Climate Corp.’s chief technology officer Mark Young doubts that that Monsanto could ever get to a billion-acre footprint just by being a seed company, “but as a *decision*-based company, it seems to have a really good shot.” Monsanto, for example, doesn’t sell grape seeds, but it could some day advise grape growers on how to increase their yields.

Monsanto, in truth, doesn’t have much choice but to change. Over the past three

BEE STUDENT
ALEX INBERG
CHECKS HONEY-
BEE HIVES AT
MONSANTO’S
RESEARCH
CENTER IN
CHESTERFIELD,
MO.

years (before Bayer’s bid was announced in May), the stock had fallen more than 6%, compared with a 23% gain for the S&P 500. Even with the post-Bayer-bid bump, Monsanto’s share price of \$110 is still off 13% from its June 2014 high. Record harvests have led to low commodity prices, eating into farmers’ incomes and their willingness to open their wallets—a factor that has forced Monsanto to cut its guidance for fiscal 2016. Monsanto isn’t suffering alone. The agricultural industry, as a whole, is lagging—which has led to reshuffling and consolidation, including the pending merger of Dow and DuPont.

In terms of revenue, Monsanto’s big-data forays have been insignificant so far, yet they offer the best opportunity for planet-feeding growth, many believe. But then, there’s that familiar problem for the company: suspicion of its motives, a reputational blight it can’t seem to shake. “They will use a lot of that information to develop more efficient technologies,” says Paul Thompson, a professor of philosophy, specializing in food, at Michigan State University, “but I do think it’s something of a worry to see all of that information in the hands of a single actor.”



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CONSIDER THE TALE of the honeybees. In 2011, Monsanto acquired a startup called Beeologics. That company was trying to protect bees against Israeli acute paralysis virus, which is associated with the collapse of bee colonies. Beeologics was pursuing a possible solution through a technology called RNA interference (RNAi), which allows researchers to suppress the expression of specific genes, a method by which Beeologics hoped to destroy the virus but leave the bees unharmed. Monsanto wasn't so much interested in the bees as it was in the RNAi technology, a tool it hoped to harness in creating corn that was resistant to rootworm and other pests. Nonetheless, Monsanto kept trying to work on the honeybees, dedicating \$1 million to it annually.

When the Beeologics deal became public, angry chatter buzzed across the Internet. Some claimed that Monsanto bought the startup to distract from the role of pesticides in the collapse of bee colonies. Headlines included BEE-KILLING PESTICIDE COMPANIES ARE PRETENDING TO SAVE BEES and THE FOX (MONSANTO) BUYS THE CHICKEN COOP (BEEOLOGICS). (While Monsanto didn't produce any of the insecticides in question, it does treat some of its seed with it.)

That kind of response gave pause to Jerry Hayes, then the chief apiary inspector with Florida's Department of Agriculture, when Monsanto asked him to run its honeybee health efforts in 2012. "It took me two to three months to decide because everyone hates Monsanto," he says. "I had the same impression." Soon after joining the company Hayes was presented with a replica of Darth Vader's lightsaber at an industry meeting.

If Monsanto represents the dark side, it's hard to find any Sith Lords on the company's lush, suburban St. Louis campus. Grant—a jovial fellow who describes himself as a "Scottish optimist, which is a really rare condition"—is altogether mild. The 35-year veteran of the company (Grant became CEO in 2003) has a passion for orchids—a love he acquired during a four-year stint in Singapore—and spends most spring weekends at home tending to his vegetable garden. He



MARK CONNELLY, ANALYST AT CLSA AMERICAS

CONFIDENCE THAT THEY'RE DOING THE RIGHT THING HAS BLINDED MONSANTO TO THE FACT THAT THEY NEED TO DEFEND IT."

is 6 feet tall and bearlike in stature, a physique he is quick to quip about: "You don't get to look like this if you're not very careful."

In April, Grant and I are at the company's hive. Even in a beekeeper's suit the Scotsman looks somewhat gentle. Hayes spots the queen and points her out to his boss, who seems as excited as a schoolboy: "That was supercool. That made my day."

In theory RNAi might help save the honeybees, just as other technology will almost certainly increase food yields around the planet. But that does not mean either will be welcomed. Many scientists and plant biologists express a sense of frustration that consumers have embraced technology in so many parts of their lives but have rejected it out of hand when it comes to food. "I've never yet heard anybody go into a doctor's office and say they want the same 1950s medicine as Grandma and Grandpa," says Monsanto chief technology officer Robb Fraley, "but yet for some reason there's a precondition to believe that was a better way to farm."

For the deepest skeptics of GMOs, it seems that the science is beside the point. In May the National Academy of Sciences released an exhaustive report two years in the making. The NAS found no evidence that there would be a higher risk to human health from eating genetically engineered foods than from eating their non-genetically-engineered equivalents. Still, many GMO critics don't believe it. Nor do they take at face value Monsanto's "feed-the-world" argument, contending that it's merely a strategy for creating a sense of crisis that will let them push through a pro-GMO agenda. "It's a little overstated," says MSU professor Thompson, referring to the food-demand estimates. "They are based on very highly aggregated figures that don't take into consideration the fact that a lot of production is going for fuel or animal feed."

THE WEATHER phenomenon known as El Niño has been stronger this year than it has been in decades. The Cornbelt has just experienced its warmest and wettest winter since temperatures were first recorded in 1895. El Niño's jet streams pushed temperatures east of the Rocky Mountains 3° to 10° higher than normal, and the winter's record rains led to a depletion in nitrogen fertilizer in the soil. A small fraction of that nitrogen is released into the atmosphere as nitrous oxide, a greenhouse gas that has some 300 times the

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impact of carbon dioxide in terms of warming the atmosphere. When not absorbed by the soil, nitrogen can leach into waterways and contribute to the creation of hypoxic areas, like the dead zone in the Gulf of Mexico.

The Heepke brothers—Ross, Dennis, and Jeff—who farm 4,500 acres of soybeans, corn, and horseradish in and around Madison County, Ill., pay for a service from Monsanto's Climate Corp. called Nitrogen Advisor. (Monsanto does not sell the fertilizer itself.) In April the proprietary algorithm crunched reams of data from the Heepkes' fields to determine their level of nitrogen. When Ross logged in to check one of their cornfields, the service noted they were about 40 units short of nitrogen.

What the monitor didn't say—or couldn't say—was that this bit of knowledge posed a challenge not just for the Heepkes but also for Monsanto. As important as the data was, the financial consideration it raised was more so. With corn, then at the low price of about \$3.50 a bushel, it was doubtful that the Heepkes would make up the money they would spend on an extra application of fertilizer. "Economics will trump agronomics all the time," says Jeff.

Such uncertainties in the business model have prompted BMO Capital Markets analyst Joel Jackson to write that Monsanto's big-data push "will be a home run or a rounding error." If agricultural prices stay this low for long, it will almost certainly be the latter. For now, Monsanto seems willing to wait it out.

Breeding traditional hybrid seeds takes seven years, which, Grant told the crowd at *Fortune's* Brainstorm E conference, is about the fastest thing Monsanto does. Agriculture does not happen season by season, says Connelly, but rather generation by generation. Monsanto, now in its second century, has made a practice out of exploiting that time line. "I don't know any company that thinks longer term," Connelly says.


And arguably, Monsanto is applying that same far-horizon outlook to its investment in Blue River Technology, a Sunnyvale, Calif., startup whose own business mission would seem to be the opposite of Monsanto's: Blue

River is trying to reduce the use of chemicals that Monsanto and other ag companies sell. The standard practice in weed or pest management is to spray an entire field when you have a problem. Ben Chostner, Blue River's vice president of business development, equates this to giving everyone in New York an aspirin when 10 people have a headache. Rather than treat an entire field uniformly, Blue River's planter-size sensing machines spray herbicide to just the spot where it's needed. The devices—which distinguish between weeds and plants based on their size, shape, and color as they drive over fields—can reduce chemical use by a factor of 10.

"Chemicals have a place in agriculture," says the company's founder and CEO Jorge Heraud, "but they're a tool that has been overused." And as with many things that have been overused, there have been unintended consequences—one of which Heraud points out is the development of weeds that are resistant to Monsanto's Roundup. Monsanto transformed the industry when it introduced Roundup Ready plants to the market 20 years ago. The plants were genetically engineered to resist the herbicide so farmers could spray entire fields and only the weeds would die, not the crop. The result, Heraud says, is the overreliance on a single method and single solution—in large part because it has been so effective. Environmental groups and European regulators continue to question the safety of Roundup. (Monsanto stands by the product's safety.)

The premise of Blue River is a big shift in agricultural practices. Most advances are based on the concept of applying more stuff—herbicides, fungicides, fertilizers—to get more yield. Blue River's aim is to apply less. Increasingly, Monsanto seems to be following the same playbook. Indeed, the big surprise is that big data is slowly shifting the company from a product maker to a service provider: "seed as a service," if you will. This transformation will be trickier to accomplish if Monsanto ends up with a broader portfolio of chemicals—through a Bayer deal or otherwise. But even in such case, Grant insists the company can do a better job pinpointing their application. "There's an opportunity in being much more precise on how we apply chemistry, when we apply it, and what chemistry we select," he says. He's betting that farmers will see the value in that and be willing to pay for it.

In early March, on the first afternoon I sat down with Grant in his office at Monsanto headquarters, the company had announced that morning that it had revised its earnings projection for the year. "It's kind of interesting having this conversation on a day you take your guidance down," he tells me. Monsanto highlighted lower crop prices as a factor. That, however, is the irony of farming. The more growers produce, the more they are punished by low prices—making them a victim of their own success.

When I offer up this characterization—farming as an insoluble business puzzle—to the CEO, he is quick to dismiss the notion in his thick Scottish brogue. "I've never bought into that," Grant says, "because if you take the long view, I worry a lot more about being short in supply than being in excess." Despite record harvests, corn consumption is expected to climb to its own stupefying height: more than 1 billion metric tons this year—a record. "The pantry is pretty full at the moment," he says, "but it can change so fast." 

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RANK **85**

THE LAST STAND OF KEN CHENAULT

The longtime CEO of **American Express** was supposed to be cruising into retirement. Then his heir apparent died suddenly, Wall Street began to question his strategy, and the stock price tumbled. Can he win back investors and fix what ails AmEx before his time runs out?

BY **WILLIAM D. COHAN**

STAYING POWER
WITH 15 YEARS ON THE JOB, CHENAULT IS THE LONGEST-SERVING TOP EXECUTIVE AT A MAJOR U.S. FINANCIAL SERVICES COMPANY.

AGE
65
1981
JOINED AMEX
1997
PROMOTED TO PRESIDENT
2001
NAMED CHAIRMAN AND CEO
2015 COMPENSATION
\$22 MILLION



When Liu Yiqian, 52, a chain-smoking former taxi driver, purchased Modigliani's 1917 oil on canvas "Nu Couché" last November for a stunning \$170.4 million, the Chinese billionaire made headlines around the world—not only because the purchase price was the second highest ever paid at auction for a painting but also because Liu used his American Express card to buy it.

Liu just dialed the 800 number on the back of his black American Express Centurion card—AmEx's most elite offering—and asked for credit approval for his extraordinary transaction, which must easily rank as the largest single purchase any individual has made with a credit card. (American Express won't discuss individual purchases, and Liu declined a request to be interviewed.) As a result, it's unlikely that Liu and his family will ever again have to pay for first-class airfare. Wang Wei, Liu's wife, told the *New York Times* that they would pay off their credit card balance in a year. "If we had to pay cash upfront, that would be a little difficult for us," she told the *Times*. "I mean, who has the money for that?"

It turns out this was at least the third time Liu, who made his fortune trading stocks and investing in real estate, has used his American Express card for an extravagant purchase. In 2014 he used his Centurion card to cover the \$36 million he needed for a 500-year-old Ming dynasty ceramic teacup, known as the Chicken Cup. (According to Bloomberg, that purchase netted Liu 28 million frequent-flier miles.) Next, in March 2015, he charged the \$45 million purchase price of a 15th-century Tibetan embroidered silk *thangka*, a tapestry

depicting Buddhist deities, to his AmEx.

And you thought you were obsessed with piling up rewards points.

Liu's purchase of the Modigliani was more than just the latest report of excess by a Chinese billionaire, however. It was also a heady reminder of the power and prestige of the American Express brand and of its longtime status as a coveted tool of the elite. And in that sense it was a welcome positive story line for American Express and its longtime CEO, Ken Chenault—near the end of what certainly was an *annus horribilis* for the executive and his company.

Indeed, the past 18 months have probably been the most challenging of Chenault's career. Since the start of 2015, when it was trading near an all-time high at about \$95 a share—and a market capitalization of nearly \$100 billion—American Express stock has fallen as low as \$51, amid a slew of downgrades by Wall Street analysts. The stock has recovered a bit, recently trading at about \$65 a share. But AmEx is still the third-worst-performing stock in the Dow Jones industrial average over the past year, even as rivals Visa and MasterCard have easily outperformed the broader market. And American Express's market value remains almost \$40 billion below its high.

The selloff has tracked a series of setbacks for Chenault's once-unassailable business. First, in February 2015, the card giant lost its exclusive, highly profitable co-branding deal with mega-retailer Costco after a 16-year partnership. That same month AmEx

**HISTORIC BID
CHINESE
BILLIONAIRE
LIU USED HIS
AMEX CARD
TO FUND THE
\$170.4 MILLION
AUCTION
PURCHASE OF
THIS FAMOUS
MODIGLIANI
NUDE IN
NOVEMBER.**



also lost an antitrust lawsuit with the Justice Department regarding whether its lock on merchants that offer customers the opportunity to pay for purchases with an American Express card is anticompetitive. For years Chenault had refused to settle the case. As a result, even though the ruling has been stayed pending an appeal, the once seemingly sacrosanct transaction fees that American Express charges merchants—about \$2.50 per transaction—have begun to be whittled down closer to the \$2-per-transaction fee charged by Visa and MasterCard.

Then things turned from challenging to tragic. In May 2015 came the shocking news that Edward Gilligan, AmEx's 55-year-old president and Chenault's heir apparent, had died suddenly, apparently from a blood clot, on a corporate jet that was ferrying him home from Tokyo. It was a devastating loss for Chenault both personally and professionally. Gilligan had already largely taken on oversight of the company's operations.

Chenault and his executive team didn't have much time to grieve. Just a few months later, in August, Jeff Ubben, an activist hedge fund manager at the \$11 billion ValueAct Capital, acquired a stake in the company and began agitating behind the scenes for change. Suddenly a question began to form on Wall Street: Had American Express lost its way?

For Chenault, 65, this wasn't how his storied career was supposed to wind down. A graduate of Bowdoin College and Harvard Law School, he joined American Express in 1981. Chenault has served as chairman and CEO since 2001, making him easily the longest-serving top executive at a major U.S. financial services company. (He's also one of just five African-American CEOs in this year's *Fortune* 500.) The plan was for Chenault to spend his final years in the corner office on an extended victory lap until passing the baton officially to Gilligan sometime before the decade was out. Instead he has been forced back into action, retaking the reins of the company on a day-to-day basis at the very moment when the competitive pressures it's facing have never been greater. (Chenault, who rarely agrees to speak with



SUCCESSION STORY
ABOVE: IN 1998, PRESIDENT CHENAULT POSED WITH AMEX CEO HARVEY GOLUB; CHENAULT TOOK OVER THE TOP JOB IN 2001. RIGHT: GILLIGAN (ON RIGHT, WITH UBER CEO TRAVIS KALANICK) WAS CHENAULT'S HEIR APPARENT BEFORE HE DIED SUDDENLY LAST YEAR.



print journalists, declined numerous requests to be interviewed for this story.)

Not only must American Express confront threats from its huge, well-capitalized credit card rivals, but it's also starting to feel the burn from the nimbler "fintech" startups that are increasingly targeting particular corners of the credit card oligopoly's business. AmEx used to be a well-oiled machine that produced high profits without much competition—and was rewarded by Wall Street with a higher earnings multiple than its peer group. But since the onset of the 2008 financial crisis, it has found itself in a highly competitive, highly regulated, ever-changing business in which profit margins are being squeezed at every turn despite the considerable belt-tightening that the company has undergone.

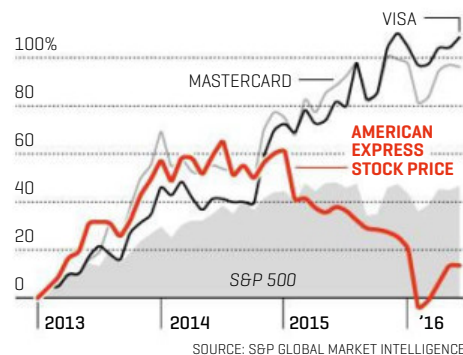
Chenault now has the dual challenge of charting a more growth-oriented path for AmEx while grooming a new successor—that is, if the board lets him stick around to complete the mission. The recent turbulence has spawned rumors that the directors might hasten Chenault's retirement. But one source close to the board bats down this assertion. "The board has complete confidence in Ken," he says.

The most important endorsement of Chenault has come from someone who is not on the American Express board but happens to be the company's largest shareholder: Berkshire Hathaway CEO Warren Buffett. In Berkshire's 2016 annual report, Buffett noted that because of American Express's ongoing stock-repurchase program, the percentage of his stake in the company had increased to 15.6% in 2015, from 14.8%. He wrote that like the other "Big Four" long-term investments in the Berkshire portfolio (Coca-Cola, IBM, and Wells Fargo complete the list), American Express has an "excellent business" run by a manager who is both "talented and shareholder-oriented." (Buffett declined a request to be interviewed about Chenault.) Of course, Buffett can afford to be charitable, considering he purchased his 151.6 million shares in American Express for \$1.287 billion and they are now worth about \$10 billion.

Certainly the Buffett boost is good news for Chenault in the short term. With the Berkshire CEO's support, Chenault, who made \$22 million in 2015, could theoretically stay in his post forever—AmEx has no mandatory retirement age for executives. But Chenault still must figure out what American Express's role will be in an increasingly digital economy at the very moment when Wall Street has never been more skeptical that he still has the energy for the struggle. More and more people are wondering: Does he?

AN EARLY ANSWER to that question might be found in Chenault's decision to participate in AmEx's January 2016 earnings call with Wall Street

CREDIT SCORE
AMEX'S STOCK HAS STALLED OVER THE PAST FEW YEARS, WHILE ITS RIVAL'S SHARES HAVE SOARED.



analysts—something he hadn't bothered to do for years. Much of the concern swirling around American Express and Chenault in the investor community came to a head during the Jan. 21 call, the purpose of which was to review the company's performance in the fourth quarter of 2015.

No one was expecting an upbeat report. The last time Chenault had participated in an earnings call, in January 2013, the company had announced that it was restructuring its workforce and dismissing 5,400 of its 63,500 employees. (The company now has about 53,500 employees worldwide.) The message had gone out to Chenault from some of the company's big investors that if American Express once again had bad news to deliver, he was the one who had to deliver it. Mission accomplished.

Right away Chenault acknowledged that the company had not been performing up to expectations. He said that co-branding opportunities had become less profitable, and that there was "competitive pressure" on merchant fees and "intense competition" for customers. He blamed low gas prices and a strong dollar. He said that the company faced "many challenges," more than in recent memory, but that he was addressing them with "a strong sense of urgency" and that progress was being made. Chenault also announced that American Express had embarked on a new \$1 billion cost-reduction program, which included laying off 4,000 people.

The CEO said that earnings expectations for 2016 and 2017 would be reduced below previous guidance. Craig Maurer, an analyst at Autonomous Research, tried to get a handle on the company's fading star. "How can you maintain the model long term that has traditionally allowed AmEx to be valued at a premium to competitors?" he wondered.

Without missing a beat, Chenault ticked through the reasons American Express remained worthy of its special valuation. There was still viability to the company's "spend-centric" model of enticing customers to use their AmEx cards more, and thus gaining the leverage over vendors—vital because much of AmEx's revenues come from fees paid by those vendors. There was a huge opportunity for American Express among small businesses in the

U.S., which, he said, spend about \$4.8 trillion annually, but only 10% of that amount is paid with a credit card. Although he did concede to Maurer that the economics of co-branding were changing in an unfavorable way, he didn't seem overly concerned about that or much of anything else. While Chenault answered nearly every question asked by the analyst community, he seemed utterly indifferent to its concerns. "I think there is a sea change going on in payments and commerce," he said. "I think we have the ability to compete. You've got to look at the breadth of the portfolio and the number of the levers we have to pull."

Investors weren't impressed with Chenault's performance. The next day the stock dropped 13%.

Despite all the tumult, American Express, No. 85 on this year's 500, with \$34.4 billion in revenues, is hardly a failing business. In fact, it still puts up extraordinary numbers for a large company, with Ebitda (earnings before interest, taxes, and other factors) margins in excess of 30%. Wall Street banks would kill for the 25% return on equity that AmEx had in 2015, given that it's been years since any big Wall Street firm has achieved more than a 10% ROE. (In the first quarter, Morgan Stanley's ROE was 6.2%; Goldman Sachs's was 6.4%.)

The big concern is that the primary factor that once differentiated American Express from its competitors—a stranglehold on the wealthiest consumers, who paid off their balances every month—is no longer the case. For years the company was "on autopilot," says Ben Chittenden, an analyst at Oppenheimer & Co. "It had nice growth. You were kind of playing in your own sandbox." AmEx has long plied its high-end customers with perks and lower interest rates in exchange for annual fees from those customers and merchants, while the likes of Visa and MasterCard made money off the interest owed on credit balances by its less elite customer base.

Now the business model of AmEx and its competitors is merging. In the wake of the financial crisis, regulators have blocked big banks—many of which are also big credit

MORE THAN PLASTIC

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card issuers—from other business lines that once generated large profits. Their credit card businesses are a way to recoup those lost profits. Visa and MasterCard are going after American Express's customers. And AmEx, for its part, is increasingly targeting customers who float balances.

JPMorgan Chase, for one, has taken the fight directly to American Express. For instance, for an annual fee of \$595, it now offers a Palladium card, which is made of both palladium and gold supposedly worth a total of \$1,000. The Palladium offers the kind of premium hotel benefits and airport club access that AmEx's exclusive cards have always promised. (See the "More Than Plastic" box for a comparison of high-end card offerings.) Chase has also stepped up its rewards program and replicated parts of American Express's technological infrastructure by

agreeing to lease VisaNet, Visa's transaction-processing network, for 10 years.

Competition is also newly rife in the market for co-branded credit cards—banks and merchants team up to provide retailer-specific cards that offer rewards when used at the retailer but that can also be used elsewhere. A prime example of that increased competition is the dissolution of AmEx's deal with Costco. American Express had been the sole card provider in Costco's nearly 700 stores for 16 years. In 2015, Costco provided American Express with 7 million card members (about 10% of its membership), \$76 billion in purchasing volume, and \$12 billion in consumer loans.

Starting June 20, Costco will be mailing its new Costco Anywhere Citigroup Visa cards to its customers for immediate use. American Express sold its loan portfolio to Citigroup as part of the deal, netting for AmEx a \$1 billion gain, but the annual revenues (and profits) generated by Costco will be hard to replace. Starwood's recent sale to Marriott also raises questions about the future of the Starwood-AmEx co-branded card.

THE SAME DAY as the January earnings call, Ubben of ValueAct made news by announcing that he had decided to sell his entire stake in American Express and had abandoned his efforts to force change. (He says he got out whole.) Ubben had started buying up American Express stock after the Costco news. In August 2015 he announced that ValueAct had taken a \$1 billion stake in AmEx at an average purchase price of about \$75.

Unlike other activist investors such as Bill Ackman, Carl Icahn, Starboard Value's Jeff Smith, and Dan Loeb of Third Point, Ubben does not hit CEOs over the head in public, demanding changes. But working below the radar does not mean working ineffectively; many believe Ubben is the reason Steve Ballmer is no longer the CEO of Microsoft.

Ubben began working behind the scenes with Chenault to persuade him to consider ways to unlock more of the value that

POWERFUL ALLY WARREN BUFFETT, WHOSE BERKSHIRE HATHAWAY NOW OWNS 15.6% OF AMERICAN EXPRESS, HAS EXPRESSED SUPPORT FOR CHENAULT AS AN EXECUTIVE WHO IS "TALENTED AND SHAREHOLDER-ORIENTED."



he believed lay buried inside American Express. They discussed ways to cut costs and increase "data mining," or using information about customers' spending habits to offer them real-time discounts, something Ubben believes American Express could do better. (Ubben declined to comment for this story.)

Among Ubben's aims was to have American Express get out of the revolving-loan business and sell off its loan portfolio. Or perhaps to buy a company like PayPal, which is a big player in online transactions, unlike American Express. He also wanted more focus on reducing costs. "To restructure the company, that takes tremendous energy," says a person familiar with Ubben's thinking. "It takes a really aggressive manager who has the backing of the board that is interested in change."

Apparently Ubben thought that that energized leader might come from outside. The person familiar with his thinking says that Ubben's hope was that he could work with AmEx's board to begin transitioning to a new CEO. Perhaps he would have gotten a wink and a nod that Chenault would set a timetable for departing, giving Ubben an opening to try to attract someone of the caliber of Gordon Smith, the CEO of consumer and community banking at JPMorgan Chase.

The fact that Ubben decided to give up the fight probably means that he was unable to convince Buffett that wholesale changes were needed at the company, including new management.

UBBEN MAY HAVE MOVED ON, but the questions he raised about the future of American Express remain unanswered in the minds of much of Wall Street. "The company is going through a very challenging time," says analyst Ryan Nash of Goldman Sachs. It's not that AmEx is facing an existential threat, says Nash. It's more that he and others wish Chenault were moving with greater urgency to reset its strategy.

Nash believes that American Express, like many other global financial companies, is facing a secular change that is affecting its ability to continue to grow at the same rates as it has in the past. "There's a debate right now," he says, "as to whether or not AmEx is still the great iconic brand that it once was and that it holds the same cachet as it historically did."

Chenault could still win that debate—and every high-profile art purchase by Liu helps—but the case is getting harder to make. **IN**



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A dining table is set for a meal with wine glasses, plates, and silverware. In the background, a wall of wine refrigerators is visible, each containing numerous bottles of wine. The scene is lit with warm, ambient lighting.

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HAS A STORY**
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MICROSOFT
COMPANY
PROFILE

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REVENUES

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BILLION

▼
PROFITS

\$12.2
BILLION

▼
EMPLOYEES

118,000

▼
TOTAL RETURN
TO SHAREHOLDERS
(2005-2015
ANNUAL RATE)

10.3%

A HEALTHY GLOW
MICROSOFT DATA CENTERS, LIKE THIS ONE IN CENTRAL WASHINGTON STATE, ARE POWERED BY OVER A MILLION SERVERS AND FORM THE BACKBONE OF SERVICES LIKE AZURE, OFFICE 365, AND XBOX LIVE.

For a long time Miguel de Icaza and Nat Friedman were considered rebels by the technology establishment. De Icaza, an intense Mexican American with a square jawline and spitfire delivery, and Friedman, a Charlottesville, Va., beanpole topped by a relaxed smile, were two of the golden boys of the open-source movement, a grass-roots campaign to let the source code of popular computer programs be free. In the 1990s, this approach was no less than heresy.

Companies like Adobe and Microsoft developed software by themselves, shrink-wrapped it, and shipped it to stores for sale. The notion of sharing one's proprietary code with other software developers was akin to Coca-Cola releasing its fabled soda recipe to the public. Why would a sensible executive even consider such a thing?

But de Icaza and Friedman believed that technology companies were limiting the potential of software by developing it in isolation. The pair argued that popular programs like Microsoft's Windows and Internet Explorer could be vastly improved by the collective intelligence of the developer community. After failing to persuade Microsoft to release its iron grip on its code in 1997—then, Friedman was a lowly intern, and de Icaza a mere job applicant—they set out to develop audacious software that spurned the company's multibillion-dollar business model.

Today, Friedman, 38, and de Icaza, 43, are the chief executive and chief technology officer, respectively, of a San Francisco company called Xamarin. The co-founders started the firm in 2011 with a mission to improve software development for mobile devices, which were rapidly growing in popularity. Xamarin makes tools that allow developers to use a shared code base to create "native" applications for mobile

operating systems made by Apple, Google, and Microsoft. In other words, in a world of proprietary soft drinks, Xamarin is akin to a SodaStream.

OH, AND ONE MORE THING: It's owned by Microsoft. The Redmond, Wash., giant acquired Xamarin for a reported \$500 million in February. De Icaza and Friedman are now, paradoxically, Microsoft employees. And the company that once dismissed the open-source movement now owns a tool that makes apps for Apple and Google products.

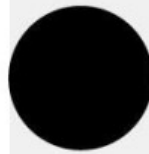
"For us, this is incredible," says Friedman, smiling broadly in a sunny conference room in Xamarin's Telegraph Hill headquarters. "For a long time Microsoft was on the other side of open source. And now I would say, among the big tech companies, Microsoft is leading the charge. It's a huge about-face."

It most certainly is. For years the tech giant's reputation preceded it. Microsoft was the Bill Gates- and Paul Allen-founded corporate colossus with such a stranglehold on the web browser that it drew a federal antitrust lawsuit. It was the out-of-touch PC maker that comedian John Hodgman lampooned in TV ads for Apple in the late 2000s as a hapless corporate stiff. It had a CEO, Steve Ballmer, known as much for his bull-in-a-china-shop demeanor as his business acumen. Critics derided the now 41-year-old company for its insular corporate attitude and glaring lack of cool. Employees lamented its wasted potential.

Investors weren't happy either. When Ballmer replaced Gates as CEO in January 2000, Microsoft's market capitalization was about \$600 billion, making it the most valuable company in the world. When Ballmer announced in August 2013 that he would retire within a year's time, Microsoft's market cap had shrunk to just \$270 billion.

After decades of software dominance—a reign unmatched in the history of the technology industry—Microsoft was viewed by many to be in permanent decline. The notion that the company could lead a new

MICROSOFT FY 2015 REVENUES



PRODUCTIVITY,
BUSINESS PROCESSES
\$26.4 BILLION



INTELLIGENT
CLOUD
\$23.7 BILLION

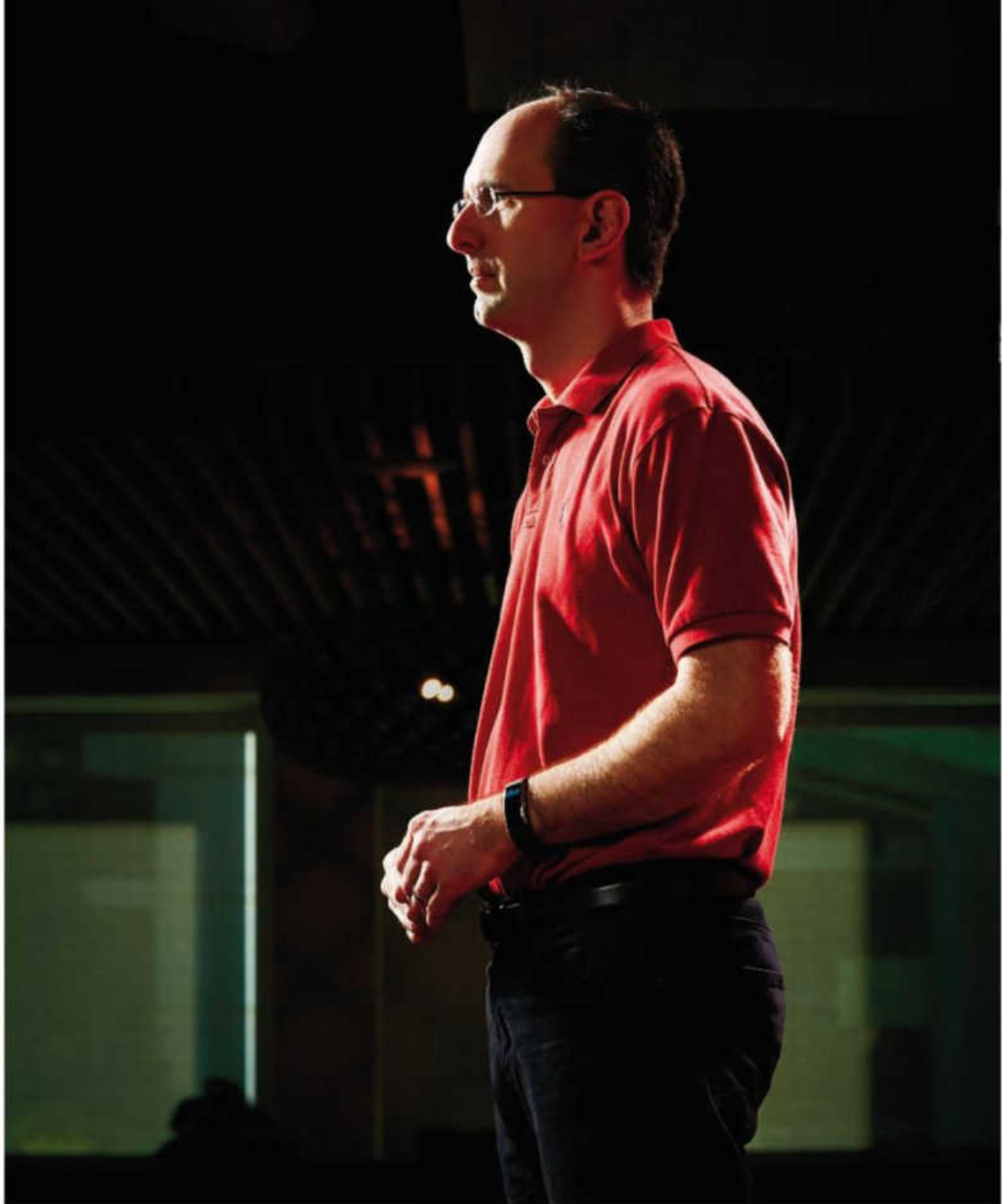


MORE PERSONAL
COMPUTING
\$43.2 BILLION



OTHER
\$0.3 BILLION

SOURCE: MICROSOFT



and growing software business in the 21st century was preposterous. Microsoft, critics argued, could barely put one foot in front of the other.

But a funny thing happened on Ballmer's way out the door: Microsoft began to change. In 2013 it engaged in a dramatic reorganization of its core businesses, intended to strategically align disparate divisions by function and not product, under a plan Ballmer called "One Microsoft." In 2014

ENTERPRISING LEADER
SCOTT GUTHRIE, 41, IN HIS TRADE-MARK RED POLO. AS THE HEAD OF MICROSOFT'S \$25 BILLION CLOUD AND ENTERPRISE UNIT, THE 17-YEAR VETERAN IS A KEY FIGURE IN THE COMPANY'S RENAISSANCE.

the board named Ballmer's long-awaited replacement: Satya Nadella, 48, a native of Hyderabad, India, and the head of the company's newly formed cloud and enterprise engineering group.

Since becoming CEO, Nadella has dramatically accelerated the transition begun under Ballmer. He has directed resources away from many of Microsoft's declining legacy businesses and toward cloud computing, a fast-growing category ruled by



rival Amazon but nascent enough (and vast enough) to potentially turn Microsoft's fortunes. He has promoted senior executives who share his vision of a more collaborative and curious Microsoft and sent packing those who do not. And he has urged his newly empowered leaders to fly to Silicon Valley to absorb the entrepreneurial lessons that the company long chose to ignore.

Today at Microsoft there is excitement in the air—a sense that it is once again ascendant. The company's shares, at a recent price of \$52, are trading higher than they have in 16 years. Its rank, No. 25, on this year's *Fortune* 500, is its loftiest ever. The world's largest software company has set out to cure what ails it, and the effort finally appears to be working.

But Microsoft is also engaged in a high-wire act that carries considerable risk. It is still working through past missteps, such as its \$7.2 billion acquisition of Nokia's ailing phone business, and continues to lay off thousands of workers. Meanwhile the business on which Microsoft has chosen to gamble its fate, cloud computing, has proved viciously competitive and potentially cannibalistic to its legacy businesses that continue to generate so much cash, says Keith Weiss,

CSI MICROSOFT
THE FORENSICS LAB INSIDE MICROSOFT'S NEW CYBERCRIME CENTER ON ITS CAMPUS IN REDMOND, WASH. BY FIGHTING ONLINE CRIMINALS, THE COMPANY HOPES TO MAKE THE CLOUD SAFER FOR ITS CUSTOMERS.

a Morgan Stanley analyst who tracks major U.S. software companies. "You're moving from high-margin businesses with a sticky customer base to a lower-margin business with big competitors and less sticky customers," he says. "You're not just competing with Amazon and Google but opening up your 'closed garden,' if you will. Your customers were once Microsoft shops; now you're creating an open platform where they don't have to use your services."

Still, the cloud represents a chance for Microsoft to make up for a lot of missed opportunities. "For the first time in probably 10 years, there's a key secular trend on which Microsoft is at the very forefront," Weiss says. "They missed search, the browser, mobile. The public cloud is one they got in front of, and it's a big one that could be bigger than all the other ones combined."

To ensure that it doesn't lose out this time, Microsoft is undergoing a radical and rapid transformation. The former schoolyard bully of the software world is remaking itself as a collaborative, customer-friendly service provider. The real question is, Can the tech giant change fast enough to capitalize on its next great growth engine before its legacy businesses pull it under?



SOURCE: MICROSOFT
Q1 2015 Q3 2016

ONE OF NADELLA'S first decisions as CEO was choosing who would replace him as the leader of "C&E," as employees call it, the \$25 billion unit responsible for the back-end technologies on which Microsoft and its corporate customers rely. This was no small matter. Microsoft's massive consumer hardware and software businesses are largely stagnant or in decline. The company sees its enterprise portfolio, and particularly its cloud-computing efforts, as the connective tissue that will link the rest of the company's products and services.

"There won't be any one device that controls us," Nadella says of the future of technology, when I ask him what role the cloud plays in the company's overall strategy. "We're going to have more and more computing—things on our wrists, things on our eyes, things in our pockets, big screens, small screens, sensors. We want intelligent experiences for any computing that we use. That is only possible because the cloud orchestrates that mobility."

In March 2014, Nadella appointed Scott Guthrie to lead C&E. A 17-year veteran of the company, Guthrie, 41, ran the Azure cloud business, which was posting triple-digit quarterly growth. In his earlier days at Microsoft, Guthrie helped create ASP.NET, a framework that allows developers to produce dynamic web applications and services. He is a well-known advocate of open-source software.

I first meet Guthrie in late March at a wood-paneled sports bar across the street from San Francisco's Moscone Center. There, Microsoft is holding Build, its annual software developers conference. Guthrie is there to greet and eat with what the company calls its "regional directors"—independent professionals who support the company's products (or, in tech industry parlance, "evangelists"). Guthrie is wearing his signature red polo shirt, an Everyman alternative to Steve Jobs' black mock turtle-neck. Like the business he runs, Guthrie is a quiet giant. He is lanky and unfailingly polite. He speaks in a soft baritone and

“



SATYA NADELLA : MICROSOFT CEO

“THERE WON'T BE ANY ONE DEVICE THAT CONTROLS US” IN THE FUTURE. COMPUTING WILL BE EVERYWHERE. “THE CLOUD ORCHESTRATES THAT MOBILITY.”

largely shuns corporate bromides—“best in breed,” “paradigm,” “leverage”—that executives often find hard to resist.

Here, among these longtime Microsoft enthusiasts, Guthrie is a rock star—a fellow nerd made good. He stands up to address the group, showing one hand in his pocket almost bashfully. As Guthrie describes Microsoft's enormous investments in data-center capacity—\$15 billion since 1989—and teases its coming announcements, the attendees interrupt him to ask questions, make quips, and lob criticisms. One manager doesn't hesitate to remind him that Guthrie personally rewrote his code years ago. Another remarks on the faded hue of his shirt. “This one's a few years old,” Guthrie replies with a shrug.

The next day—this time in a brand-new red polo—Guthrie delivers his 90-minute presentation to almost 5,000 software developers, partners, and press. An announcement about Xamarin serves as its climax: Barely 10 days after closing the acquisition, Microsoft would make the startup's technology available for free within Visual Studio, its popular software development application. The room erupts in shouts and applause. On stage, Guthrie grins and basks in the roar.

Afterward, I sit down with him backstage. Guthrie is hoarse, happy, and a little winded. The crowd's reaction is a complete 180 from how people felt about Microsoft just five years ago, he

CLOUD INFRASTRUCTURE MARKET SHARES (Q1 2016)



AMAZON
31%



MICROSOFT
10%



IBM
7%



GOOGLE
5%

SOURCE:
SYNERGY
RESEARCH
GROUP

says, when Nadella asked him to lead the Azure business. Guthrie spent a month visiting the company's corporate customers and listening. He didn't like what he heard. "A couple of things became obvious," he says. "We hadn't built something very customer-friendly. It was great technology. But it wasn't solving customer problems."

Guthrie's solution? An off-site meeting to force his team to use Azure for themselves. "Basically the deal was, all the senior managers and architects had to bring their laptops, and we were going to build an app from scratch together for two days," he says. The executives sat in a hotel ballroom and spent two days trying to sign up, build, and deploy Azure cloud applications as customers would. "It was a complete disaster," says Guthrie.

Some managers couldn't figure out how to sign up. Those who turned to support documentation discovered that it was out of date. Other features simply didn't work. "By the end of the second day, we wrote down everything we needed to do to fix this—a backlog of 100 items—and had our plan," Guthrie says. "We spent the next year completely rebuilding Azure. It was fun because people could see the progress. People could feel the energy."

That excitement is something that I observed repeatedly in interviews with dozens of Microsoft employees past and present, its partners, its customers, and outside observers. There is a palpable sense that Microsoft is back to building great technology, not just pushing products on customers.

Judson Althoff, 43, an 11-year Oracle veteran who is now president of Microsoft North America, remembers some of his first sales trips after joining the company in 2013. "You'd go and see the customer in mid-America, the 'show me' states, and it could be pretty pointed," he says. "They'd say, 'Look, we just don't think what you're building today at Microsoft is the technology of the future. We're using less and less of your IP, and you're charging more and more for what we view as aging tech. It's not what millennials want to come to work

THREE REASONS INVESTORS LIKE MICROSOFT RIGHT NOW

1. IT'S AN OPEN COMPANY.

With Nadella at the helm, Microsoft is more willing to work with the rest of the technology industry than in years past. That keeps it from being an old-guard "stack" vendor and makes it a major player in the broader tech ecosystem.

2. IT'S ALL IN ON THE CLOUD.

Cloud computing is considered a massive growth opportunity for the entire tech industry. Thanks to savvy prior investments in infrastructure and services, Microsoft has the global scale and know-how to win big.

3. IT'S GOT A HYBRID STRATEGY.

"Hybrid cloud," that is. Most companies won't want to put all of their data in the public cloud. Most won't want to store it all privately, either. Microsoft is well-positioned with assets that serve clients in both places.

—A.N.

and use. It's not where our big bets are as a company for pursuing digital transformation—the basic areas where we're focused, either on driving top-line revenue or reducing bottom-line cost—we don't see Microsoft enabling that."

That's no longer the case. Zack Hicks, chief information officer of Toyota North America and CEO of Toyota Connected, the automaker's new data services arm, says his relationship with Microsoft today is dramatically different than it was a few years ago. "Sometimes when we're working with Silicon Valley startups—particularly when they're well funded—the hubris and arrogance is difficult to get through," he says. "With Microsoft, I'm finding a humble partner who wants to collaborate."

VISIT MICROSOFT'S LUSH and sprawling corporate campus in suburban Redmond just as the company reports its fiscal third-quarter results for 2016.

The numbers aren't pretty. Microsoft's \$20.5 billion in revenue is down more than \$1 billion from the same period a year before, depressed by continued decline in its Windows consumer licensing business. And growth in the cloud business is slower than expected. The news sends Microsoft shares down 5% in after-hours trading.

But despite the gloomy report, the mood at Microsoft headquarters is buoyant. On this sunny spring day, many employees—sunglasses and Surface tablets in tow—have ditched their offices for the manicured lawns outside. Those still inside are scattered around colorful collaborative spaces, a product of a recent initiative to renovate many of the 120 or so 1980s-era buildings on campus. In the café areas in each building, paper coffee cups read:

10 we code
20 we ship
30 we learn
40 GOTO 10

The code snippet is a quiet rejoinder to late Apple CEO Steve Jobs' criticism that Microsoft "never had the humanities and liberal arts in its DNA." "So what?" it seems



**FINDING VOLUNTARY BENEFITS THAT CONSISTENTLY
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Accident Insurance
Critical Illness
AD&D
Disability
Life

to suggest. “We were more of a programmer’s company anyway.”

On a Wednesday morning I join senior executives in a conference room in Building 18 for what the company calls a “pillar” meeting—a weekly hour meant to serve as a deep dive into a focus area for the company. This week’s session concerns Microsoft’s enterprise mobility suite, the technologies that allow its corporate customers to use phones, tablets, and laptops outside their offices.

The meeting begins casually—so much so that 10 minutes pass before I realize it has actually begun. The 26 men and women in the room sit in silence with their heads bowed. Together, they leaf through a nine-page document packed with statistics and analysis. One executive wearing an Apple Watch rubs his forehead, lost in thought. Another cracks his knuckles. Twenty minutes pass before the first person asks a question, shattering the silence.

There aren’t many companies that begin meetings with a shared reading assignment. (One prominent exception: cross-town neighbor Amazon.) For a long time Microsoft didn’t either. But Joy Chik, 40, one of the execs in the room, says it’s a sign that the company is spending a lot more time trying to use data rather than seniority or force of personality to make decisions about product fixes or features. “In the past we’d march on for months or years before we’d admit defeat,” says Chik, an 18-year veteran who now runs the engineering team that builds Microsoft’s mobile device management technologies. “Now we say, ‘It’s not working out,’ and we pivot. But that’s hard. How do you learn fast and fail fast? How do you change the culture so that people aren’t penalized by that? We don’t encourage failure—it’s more about the learnings from the failure.”

“Failure”—by embracing the word Microsoft employees appear to be less burdened by it than before. Today’s Microsoft is a much more inquisitive place. Its employees are proud of the company’s role in history and encouraged by an environment that’s less likely to thwart a promising idea.



NAT FRIEDMAN : XAMARIN CEO



FOR A LONG TIME, MICROSOFT WAS ON THE OTHER SIDE OF OPEN SOURCE. IT’S A HUGE ABOUT-FACE.”

And though they are hesitant to fully attribute Microsoft’s transformation to Nadella—much of it happened slowly and organically over many years—they unanimously credit the CEO and his team with stepping on the gas.

“There are a lot of really smart people running around here,” says Kirk Koenigsbauer, 48, who’s been with the company for 15 years and now leads its Office 365 client applications product team. “But when people actually feel empowered? It’s amazing the creativity that ends up coming out. I really do think the company was ready for change in a really big way. Satya just unlocked the door.”

Now all Microsoft has to do is walk through it. The company has much work to do to prove to investors that it can move fast enough, and aggressively enough, to replace its titanic but languishing revenue streams. Microsoft must also convince employees in its consumer divisions, who are wary of the company’s full-throated embrace of enterprise technology, that it can still innovate in the products that made it a household name. And it must demonstrate how winning in the cloud positions it well to capitalize on the next waves of technology, be it machine learning, the so-called Internet of things, or something else entirely.

For now it is clear that Microsoft has redefined its original mission to put computing in front of every person. But in the wake of its lost decade, the company is beginning to find itself again. “This is not about saying, ‘Oh, we’ve gone through some cultural transformation and we’re done,’” Nadella says. “This has to be a constant thing. This is not a journey that will be complete. This is a journey that hopefully makes every one of us better.”

Friedman, the Xamarin CEO, looks at it a bit differently. There is a renaissance underway at Microsoft, he says, and it is helping the company to remember what made it so formidable in the first place. “Big companies are much more exciting places to be now than they were five or 10 years ago,” he says. “They’ve learned to be agile. They’ve learned to be innovative. They’ve learned to not take their customers for granted. In many ways, the best big companies have learned the tricks of the startups.”

Microsoft learned its lessons the hard way. To be great again, it had better not forget them. **■**



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STEPHEN M. ROSS
Chairman and Founder, Related Companies




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FORTUNE'S 21ST-CENTURY CORPORATION

Today's companies aren't like yesterday's. They can't be—not in a world where everything and everyone is connected at little extra cost. The 21st-century corporation will be bigger than ever, faster than ever, and nimbler than its predecessors and enabled by a new Industrial Revolution. What does one look like on the inside? We imagined the perfect future company—then cracked it open to show how differently it operates.

READ ON FOR MORE →



BY **CLAY DILLOW**
AND **ANDREW NUSCA**

ILLUSTRATION BY **NICOLAS RAPP**

LET'S GET ONE THING STRAIGHT

See the café to the left? Your company is operating from it at least some of the time. More people are telecommuting than ever before: 37% in some fashion, per a 2015 Gallup poll, up from 30% a decade ago and 9% in 1995. Most workers who log in from elsewhere do so only occasionally, averaging six days a month. But in the 21st century, it's a sure bet that your company's office is a resource, not a requirement.

A black and white photograph of four people on surfboards in the ocean at night. The surfers are silhouetted against a dark sea, with a bright light source from below creating a glowing path on the water's surface. The text is overlaid in the center of the image.

We added technology to strategy.
You get the multiplier effect.



High performance. Delivered.

accenture[>]strategy



DOES YOUR COMPANY LOOK LIKE THIS?

We imagine a corporation designed to capitalize on connected systems, data, and employees who take a more expansive view of work.



A BETTER WAY TO BEAT THE BAD GUYS

Passwords, tokens, and key cards are only as strong as employees' best practices. Biometric security measures, which eschew passwords for biological identifiers like fingerprints, iris scans, and facial recognition, reduce the chance that human error enters the equation. [Plus, are you really going to add more hoops for your employees to jump through?] As such, the global biometric tech industry is projected to grow to \$41.5 billion by 2020, from just \$14.9 billion last year.

POWER TO THE PEOPLE

No one actually enjoys the annual employee performance review. But let's be honest—some feedback is better than none at all. Research shows that one growing group of employees wants it far more often than once a year: millennials. Workers in their twenties and thirties say they prefer continual feedback, not periodic sit-downs with their managers or the human resources department, to talk about their job performance.

Startups like Kanjoya, WideAngle, and Y Combinator-backed Impraise have developed software tools to help managers regularly churn out written and verbal micro-evaluations. [Think: more like Twitter than a tax return.] *Fortune* 500 firms such as General Electric and Microsoft have embraced the idea, keeping feedback-starved millennials engaged and putting the annual review on notice.

BACK TO THE BUS

Perhaps Silicon Valley is onto something with its shuttle systems. Though the buses are a lightning rod in the gentrifying San Francisco Bay Area, they efficiently carry thousands of employees of Apple, Facebook, and Google [among others] to work each day, sparing the carbon emissions and hassle of individual passenger vehicles. Your renovated corporate headquarters ditched private offices. Why not private parking spaces too?

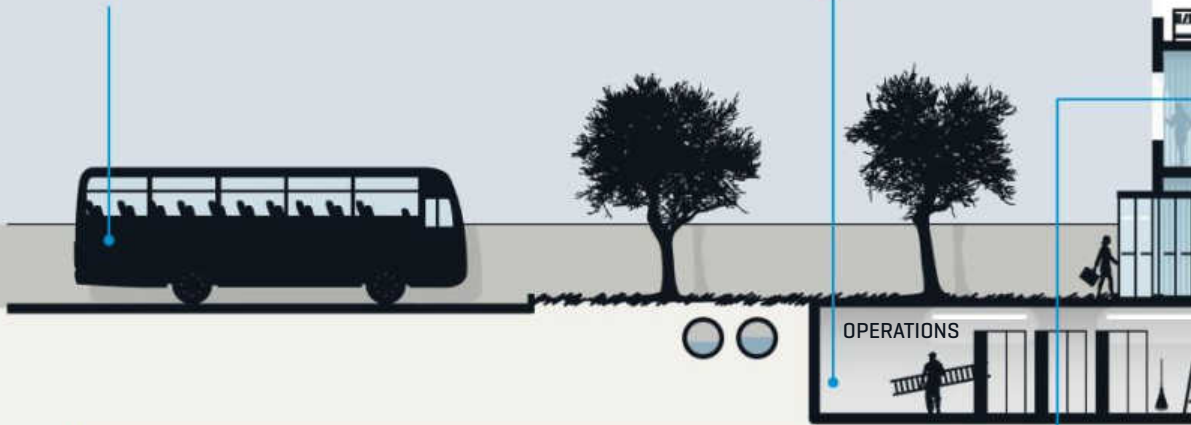
SMOOTH OPERATOR

A delivery truck that arrives a few minutes late can create network effects that result in angry customers. A machine that suddenly breaks down can derail a factory's production schedule. HVAC costs may be way out of line at a retail store. The best way to solve these problems? Real-time operational intelligence. Using sensors and software, companies are turning their operations into opportunities for better decisions.

JUNE 15, 2016

FORTUNE FIVE HUNDRED

51

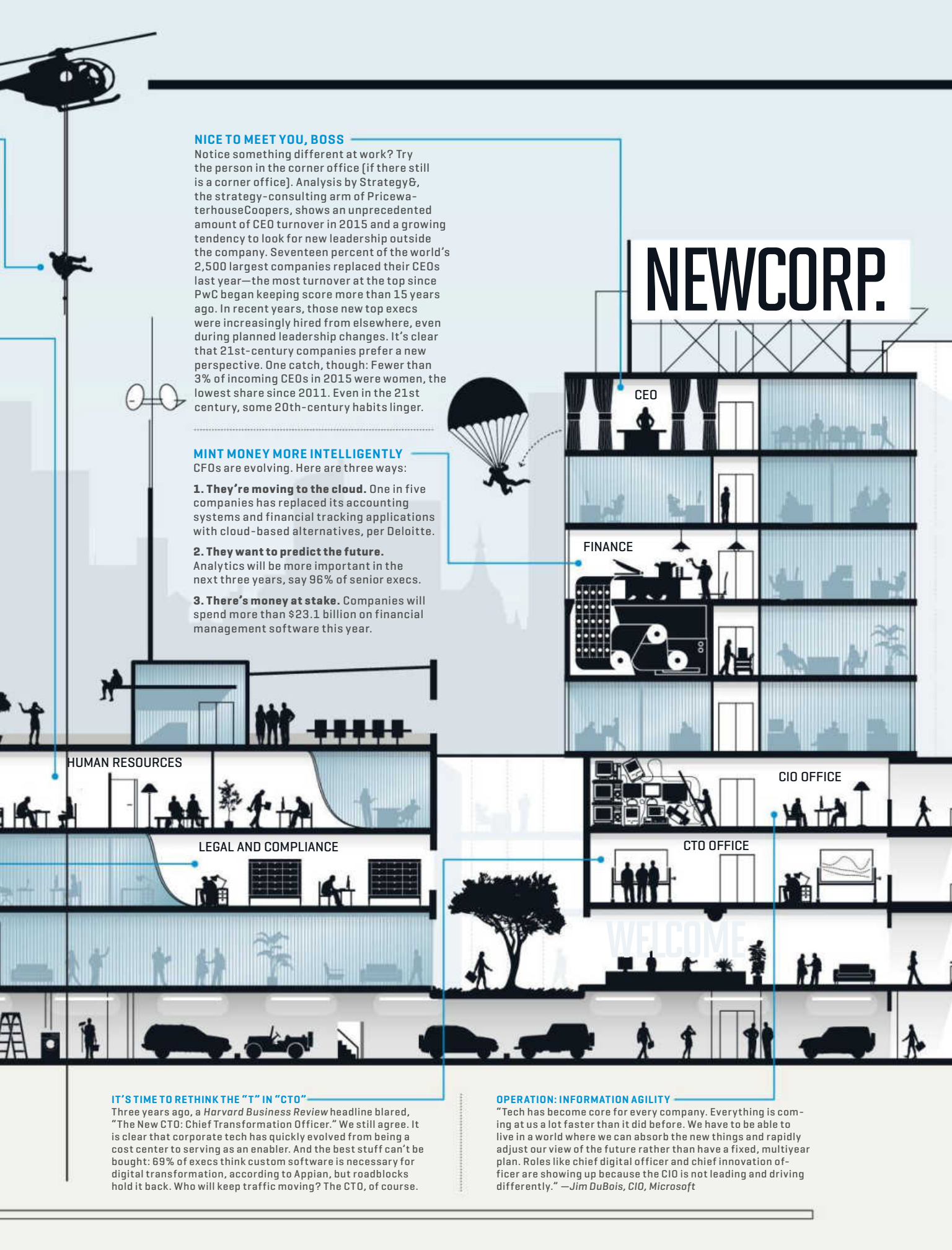


A SCAN A DAY KEEPS THE TROUBLE AWAY

Today's compliance teams sift through massive sample sets of emails, texts, chats, and other corporate communications, hoping to catch signs of employee wrongdoing. But new generations of machine-learning software can digest the entirety of a company's written correspondence in real

time. Want to catch rogue trading, information leaks, and other misbehavior before it becomes a problem? Call on the machines, says Tim Estes, CEO of Digital Reasoning, a cognitive-software company. "We can now automate tasks that before were unimaginable, like reviewing company emails to see if employees are disclosing subtle propri-

etary information about a deal," he says. "A machine doesn't have motives. It doesn't have an agenda. So if you want to protect people without invading their privacy, the secret to that is smarter machines. The answer can't be more humans, and current machines are so bad that it can't be them either. It has to be software that can learn."



NICE TO MEET YOU, BOSS

Notice something different at work? Try the person in the corner office (if there still is a corner office). Analysis by Strategy&, the strategy-consulting arm of PricewaterhouseCoopers, shows an unprecedented amount of CEO turnover in 2015 and a growing tendency to look for new leadership outside the company. Seventeen percent of the world's 2,500 largest companies replaced their CEOs last year—the most turnover at the top since PwC began keeping score more than 15 years ago. In recent years, those new top execs were increasingly hired from elsewhere, even during planned leadership changes. It's clear that 21st-century companies prefer a new perspective. One catch, though: Fewer than 3% of incoming CEOs in 2015 were women, the lowest share since 2011. Even in the 21st century, some 20th-century habits linger.

MINT MONEY MORE INTELLIGENTLY

CFOs are evolving. Here are three ways:

- 1. They're moving to the cloud.** One in five companies has replaced its accounting systems and financial tracking applications with cloud-based alternatives, per Deloitte.
- 2. They want to predict the future.** Analytics will be more important in the next three years, say 96% of senior execs.
- 3. There's money at stake.** Companies will spend more than \$23.1 billion on financial management software this year.

NEWCORP.

CEO

FINANCE

CIO OFFICE

CTO OFFICE

WELCOME

HUMAN RESOURCES

LEGAL AND COMPLIANCE

IT'S TIME TO RETHINK THE "T" IN "CTO"

Three years ago, a *Harvard Business Review* headline blared, "The New CTO: Chief Transformation Officer." We still agree. It is clear that corporate tech has quickly evolved from being a cost center to serving as an enabler. And the best stuff can't be bought: 69% of execs think custom software is necessary for digital transformation, according to Appian, but roadblocks hold it back. Who will keep traffic moving? The CTO, of course.

OPERATION: INFORMATION AGILITY

"Tech has become core for every company. Everything is coming at us a lot faster than it did before. We have to be able to live in a world where we can absorb the new things and rapidly adjust our view of the future rather than have a fixed, multiyear plan. Roles like chief digital officer and chief innovation officer are showing up because the CIO is not leading and driving differently." —Jim DuBois, CIO, Microsoft

A STRUCTURE BUILT FOR SUCCESS

92% of leaders believe it is critical to redesign their organization to meet global demands.

45% of leaders say their companies are either in the middle of a restructuring (39%) or planning one (6%).

89% of leaders cite strengthening, reengineering, and improving organizational leadership as an important priority in the year ahead.

56% of leaders say their companies are not structured to produce the leaders they need.

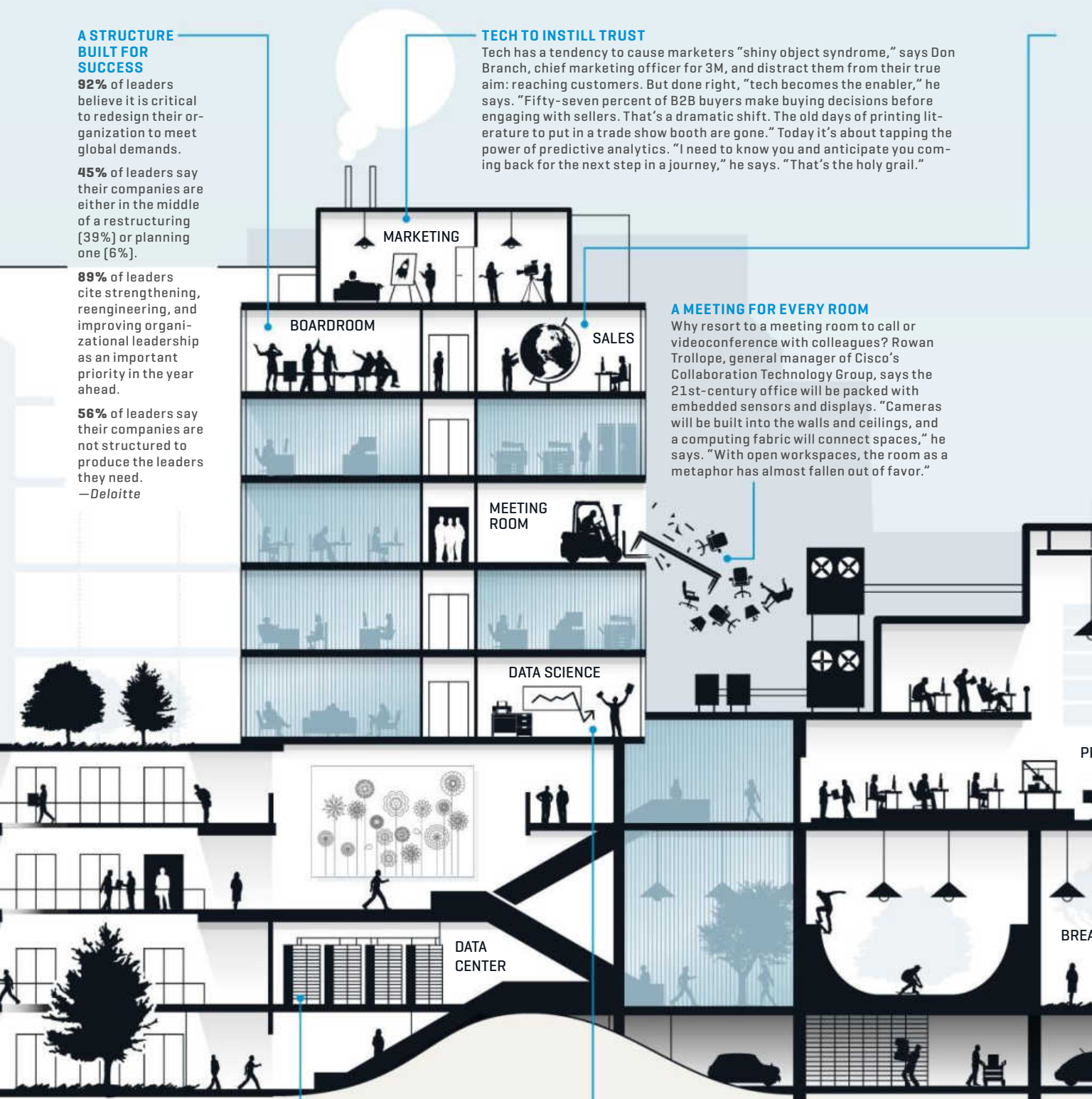
—Deloitte

TECH TO INSTILL TRUST

Tech has a tendency to cause marketers “shiny object syndrome,” says Don Branch, chief marketing officer for 3M, and distract them from their true aim: reaching customers. But done right, “tech becomes the enabler,” he says. “Fifty-seven percent of B2B buyers make buying decisions before engaging with sellers. That’s a dramatic shift. The old days of printing literature to put in a trade show booth are gone.” Today it’s about tapping the power of predictive analytics. “I need to know you and anticipate you coming back for the next step in a journey,” he says. “That’s the holy grail.”

A MEETING FOR EVERY ROOM

Why resort to a meeting room to call or videoconference with colleagues? Rowan Trollope, general manager of Cisco’s Collaboration Technology Group, says the 21st-century office will be packed with embedded sensors and displays. “Cameras will be built into the walls and ceilings, and a computing fabric will connect spaces,” he says. “With open workspaces, the room as a metaphor has almost fallen out of favor.”



YOUR CORPORATE CLOUD NEEDS A CREW

Today's companies: “I need a cloud! But what kind?”

Tomorrow's companies: “I have a cloud. How should I use it?” For years, businesses debated whether they needed a public, private, or hybrid cloud-computing platform. With choices, capabilities, and concerns addressed, they're now hunting for talent to handle it all: 32% say they lack the resources or expertise to manage cloud workloads, according to RightScale.

YES, YOU NEED DATA SCIENTISTS. BUT NOT MANY.

A few years ago it became clear that companies awash in information needed data scientists to make sense of it. One problem: The highly educated, cross-disciplinary role was impossible to fill. Today, expectations have settled. Empowered by natural speech processing, cognitive computing platforms like IBM's Watson aim to create “citizen analysts” out of your workforce, leaving only the most difficult challenges to data scientists.

SAY GOODBYE TO THE HARD SELL

"Ten years ago you never could have done some of the things we can do now, because visibility into individuals was so opaque. Now you can pick up on the digital wake that people create."

—Justin Shriber, head of marketing,
LinkedIn Sales Solutions

"The cloud, social, mobile, the Internet of things—we have all this data, and it's beyond human capability to understand what to do with it. We're going to see machine-learning tech detect patterns, find correlations, make predictions. Analytics will look forward into the future, not back into the past. And it will start to make decisions. That's going to create the next level of contextual information about what a customer needs."

—Scott McCorkle, CEO, Salesforce
Marketing Cloud

"Soon it won't be enough just to be automated. Now that I have all of this data, there's no reason I can't use it to get predictive and let the tech start making decisions for me. It's a fundamental competitive advantage that's going to reshape my P&L."

—Kevin Akeroyd, GM, Oracle Marketing Cloud

A NEW PRODUCTION PROCESS

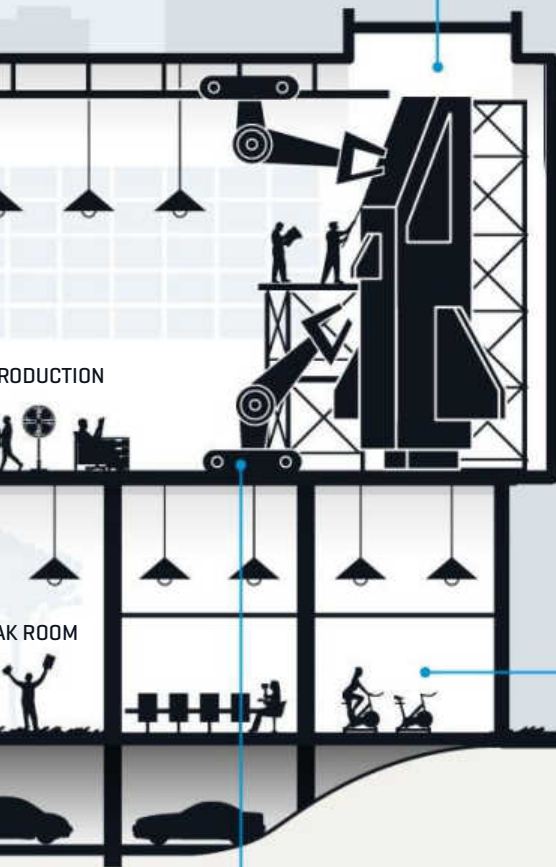
HP Inc. chief technology officer Shane Wall believes we are facing a new Industrial Revolution—"a complete transformation from an analog supply chain to a fully digital one," he says. "On the front end, we will change how we design parts. On the back end, we'll actually print those same parts ready to be used."

Wall is talking about industrial 3D printers, which his company sells. The technology has already changed manufacturing, and it will continue to reshape the production process in ways we once thought unfathomable, he says. "In the next five years, we'll be able to print parts that are one color on the outside and another on the inside so you can visibly see them wearing out. We'll be able to print parts with sensors like strain gauges on the inside. We will be able to print security information right into the parts themselves, giving companies the ability to trace any part through its entire life cycle and cut down on counterfeiting."

And what if your company doesn't make widgets? "Radical changes in the manufacturing ecosystem" will still affect you, Wall says. "Our entire system of taxation is based on where objects are manufactured and where they are imported. Imagine when you don't have to do that. The implications to our society and the companies in it will be profound."

PERKS FOR PRODUCTIVITY? MAYBE.

Want to attract and retain the best young talent? Your company might do well to look past lavish perks like Ping-Pong tables and climbing walls. (After all, with the highest employee turnover rate, according to PayScale, tech companies may use perks more as tools for marketing than retention.) Instead, focus on how incoming employees actually want to work and live. The No. 1 request, according to a TechnologyAdvice survey? A flexible schedule, with gym reimbursement a close second. Turns out the in-house ball pit is just a Band-Aid for bigger work stress issues.



I, FOR ONE, WELCOME OUR NEW ROBOT COLLEAGUES

According to McKinsey:

45% of activities that companies pay humans to perform can be automated using tech available today.

An additional 13% of activities could be automated if tech that "understands" spoken language performed as well as humans.

60% of occupations could have 30% of the job automated.

5% of occupations could be entirely automated.

EVERYTHING YOU KNOW ABOUT OPEN OFFICES IS WRONG

You ditched private offices. You did away with cubicles. You even added canisters of free M&M's. But did you actually turn your office space into a 21st-century workplace?

We asked Herman Miller why collaboration, that enduring corporate virtue, remains a nut that's difficult for many companies to crack. The company's answers may surprise you. Read on. ▶

IN FOCUS: A WORKSPACE FOR THE 21ST CENTURY

Who better to tell us how we'll work than the company that invented the cubicle? Ryan Anderson, director of product and portfolio strategy at Herman Miller, weighs in.



Which factors in how we work today most affect the way you think we'll work tomorrow?

For a long time, probably 40 years, the office space became something that was increasingly generic. Part of that had to do with fixed technologies—PCs, fax machines, phones. It created this tremendous sense of predictability.

It's really only been in the last five to seven years that Wi-Fi has become so ubiquitous that the office has had to compete with the entire urban landscape, with the condo patio, with the coffee shop. If someone is going to sink millions into a new office space, it better be able to compete with those places.

So we're asking the question, In a world where you can work pretty much anywhere you want, what is the office best at?

What is the office best at?

Why do you need a space at all? It has to support social activities. There will be a lot more choice and a lot more variety for almost anybody that will come into the space. The idea that you'll do all your work in one little corner is something that probably needs to fade away.

If we stepped into an office or workspace not too far into the future, I think that we will find a rich variety of spaces within those environments that are very different from what we see today. What's the conference room good for? Well, it's not really good for anything. It's just there for people to meet in.

So you're going to see spaces become more specialized for specific types of behaviors or activities that people like to do when they're together. It has to be about group co-creation, because people can do individual activities anywhere.

What stops companies from building the right office space for their employees?

Overly simplistic views of collaboration. More and more of our customers say, "Help us be more collaborative." But it's obvious they don't know what that means. Collaboration has a lot of asynchronous components to it. A project does not mean eight people in a conference room for three days straight.

There's still this belief that "open office" equals "collaborative office." That's a crude understanding. Having a space to quietly use your laptop for two hours is part of the collaborative process. We have to get past these old stereotypes. **19**

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COMPANY SPOTLIGHT | 2016

CITIZENS FINANCIAL GROUP

ESTABLISHED BANK, FRESH START: A NEW AUTONOMY BOOSTS BUSINESS

It's delivering the best possible customer experience...we want to be known as the bank that takes really good care of its customers."

—**BRUCE VAN SAUN,**
Chairman and CEO
of Citizens Financial Group



Citizens Bank has been around for 188 years, but in some ways it feels new. From 1988 to 2014, the Royal Bank of Scotland owned this Providence-based financial institution, which meant that much of what it was able to do was dictated by a foreign owner.

BEING RESPONSIBLE FOR ITS own affairs since a partial IPO in 2014 has given the business a big boost, says CEO Bruce Van Saun. As RBS sold its remaining stake in the bank, Citizens, which gained full independence in November, became nimbler, with its books in better shape; it now competes with its U.S. peers on a more even playing field. "RBS had gone through some tough times and had to repair its balance sheet and basically play defense," he says. "The separation has allowed us to start playing offense again and to operate the bank better."

At its core, the bank, America's 13th largest, is still the institution it's always been. As a regional player—it has branches in 11 states—its mission is relatively straightforward: take deposits, offer loans and advise consumers and companies on their finances. In our post-financial crisis era, this simplicity is an advantage, says Van Saun. It's not engaging in risky investment plays or developing hard-to-understand banking structures.

That's not to say Citizens is standing still. It's at the forefront of student loan refinancing, for example. Many students graduate college

with good jobs and credit scores, yet are still paying high rates on loans. Citizens is able to help refinance both federal and private student loans at a lower rate, saving people about \$137 a month on average. Another point of pride: In September, Apple chose the company as the financing partner for the iPhone upgrade program. Now, anyone who wants to buy an iPhone directly from Apple can finance that purchase via Citizens Bank.

Being accountable to shareholders, rather than a large conglomerate, has also allowed Citizens to grow faster and increase profitability. Its commercial loan book has been expanding by 8% a year over the last four years and it's adding product specialists in capital markets and foreign exchange. On the consumer side, it's investing more heavily into mobile, and it's building out its mortgage, small business, and wealth management businesses.

Citizens still has growth ahead, says Van Saun, but the plan is to stick to what got it here in the first place. "It's delivering the best possible customer experience," he says. "We might get bigger in the future, but we want to be known as the bank that takes really good care of its customers."



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best every day so
we can do more
for our customers,
colleagues,
communities
and shareholders.

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Citizens Financial Group is proud
to be joining the Fortune 500 List.

 **Citizens**
Financial Group, Inc.™



500

THE OUTSIDERS

Netflix's campaign to crank out original content is changing the way TV shows and movies get made—whether Hollywood likes it or not. **BY** MICHAL LEV-RAM



▼ RANK
379

**NETFLIX
COMPANY
PROFILE**

▼ REVENUES
\$6.8
BILLION

▼ PROFITS
\$122.6
MILLION

▼ EMPLOYEES
3,700

▼ TOTAL RETURN
TO SHAREHOLDERS
(2005-2015
ANNUAL RATE)
40.3%

**FRENEMIES
TO HOLLYWOOD**
NETFLIX CHIEF
CONTENT
OFFICER TED
SARANDOS
(LEFT) AND CEO
REED HASTINGS
IN SARANDOS'S
BEVERLY HILLS
OFFICE, WHOSE
WINDOW
FEATURES A
(MISSPELLED)
QUOTE FROM
THE GODFATHER:
PART III.

It's 4:30 p.m. on a Friday, and Ted Sarandos is comfortably seated in an armchair in his Beverly Hills office, looking surprisingly well rested for a guy who has already spent 11 hours on an airplane.

The chief content officer of Netflix has just returned from France, where he joined CEO Reed Hastings and actor Gérard Depardieu for the premiere of *Marseille*, Netflix's first original French-language program. Depardieu, a former heartthrob who has puffed up like a profiterole in recent years, plays an aging mayor in the election battle of his life in the eight-episode series. Critics, at least in France, haven't been kind to *Marseille*, which made its debut on May 5. "In refined language, this would be called an industrial accident," Pierre Sérésier wrote in the French newspaper *Le Monde*. "More colloquially, this is cow shit."

Whether Sérésier thinks *Marseille* is more *merde* than *merveilleux* doesn't necessarily concern Sarandos. After all, no one but Netflix will ever know how the show performed with subscribers—the streaming-media company doesn't show up in Nielsen ratings or disclose viewership numbers. What does concern Sarandos is making sure the series ultimately gets more subscribers to sign up for the company's streaming service. Whether those customers are Francophiles in Mali (yes, Netflix is available in the French-speaking African country) or residents of the real Marseille doesn't matter much, as long as they sign up. "Great storytelling," Sarandos confidently tells *Fortune*, "is what makes something really global."

Just a few years ago it would have sounded absurd for a Netflix exec to talk about what makes good storytelling. But these days the Silicon Valley interloper is

arguably the biggest influencer in Hollywood. Netflix has harnessed the shock waves of the broadband revolution, becoming simultaneously one of the top-performing tech companies—its stock rose 134% in 2015, the best return of any *Fortune* 500 member—and one of the world's fastest-growing entertainment businesses. It's spending \$5 billion this year on television and film content, a spree that far outpaces its rivals—and underscores the pressure it's exerting on those rivals to rethink the way they operate.

Netflix's refusal to make viewership numbers available has thrown a wrench into television's ratings-driven business models. Its pioneering practice of buying up an entire season (or two) of a series without requiring a pilot is luring writers, actors, and producers away from traditional television. And by releasing full seasons in one fell swoop and streaming them ad-free, Netflix has trained viewers to binge—and to be increasingly impa-

RED-CARPET SARANDOS GETS FACE TIME WITH (CLOCKWISE FROM TOP LEFT) ACTOR ADAM SANDLER, AT THE PREMIERE OF NETFLIX'S MOVIE *THE DO-OVER*; IDRIS ELBA, STAR OF NETFLIX'S *BEASTS OF NO NATION*, AT THE INDEPENDENT SPIRIT AWARDS; COMEDIAN AND NETFLIX TALK-SHOW HOST CHELSEA HANDLER, AT THE ICG PUBLICIST AWARDS; JENJI KOHAN (LEFT) AND TAYLOR SCHILLING, CREATOR AND STAR, RESPECTIVELY, OF NETFLIX'S *ORANGE IS THE NEW BLACK*; *HOUSE OF CARDS* STAR KEVIN SPACEY, AT A NETFLIX EMMYS PARTY; AND CEO HASTINGS AND ACTOR GÉRARD DEPARDIEU, AT THE PREMIERE OF THE NETFLIX SERIES *MARSEILLE*.



tient with once-a-week episodic television and commercial breaks.

And that's just what's on TV. Netflix is encroaching on the big screen too, outbidding incumbent studios for high-profile projects like *Bright*, a Will Smith cop thriller it snapped up for a reported \$90 million this year. More alarmingly, it has been lobbying against traditional theater-only cinematic runs for new movie releases—leading John Fithian, CEO of the National Association of Theatre Owners trade organization, to call out Netflix at a recent conference as a “grave threat to the movie business.”

For now it appears that the Force is with Netflix, both figuratively and literally. (In May the company inked an exclusive distribution deal with Lucasfilm owner Disney.) In April, Netflix announced it had passed the 81-million-subscriber mark, an increase of 35% from the year before. The company dominates media streaming at a time when viewers are migrating away from other modes of watching TV and

movies. In the last quarter of 2013 traditional pay services from cable, satellite, and telcos added 79,000 customers; in the last quarter of 2015 that same group lost about 49,000. Viewership of traditional television is on the decline, while movie attendance has mostly flatlined, despite a small uptick last year. In 2015 nearly a third of the population of North America didn't set foot in a theater; another 10% went only once.

Netflix might arguably be categorized as more of a beneficiary of these trends than a cause. But if moguls blame the company for their woes, its executives don't mind the controversy. In their view they are just fixing what is broken. “We don't think of it as trying to do things differently,” CEO Hastings tells *Fortune* during an interview at the company's Los Gatos, Calif., headquarters. “We think of it as trying to do things well.”

It's not the first time that Netflix, No. 379 on this year's *Fortune* 500 list, has proved an existential threat to the status quo. “Blockbuster was in the *Fortune* 500,” Hastings says cheekily. The half-joking dis—the now-defunct Blockbuster was the one-stop shop for movie rentals before Netflix and its red DVD envelopes came along—is telling. Netflix won't stop until it wins. But that doesn't mean it can't shoot itself in the foot trying. As it forges ahead, transforming itself into a bona fide entertainment company, its success is still predicated on its coexistence with the very environment it is trying to disrupt: the Hollywood ecosystem.



LEARNED THE WORD ‘frenemy’ in this town,” says Sarandos. “I think Les Moonves is the one who said that word to me the first time.”

The longtime Netflix exec has earned the right to drop a name (in this case, of the CEO of CBS). He has also earned the “frenemy” label. For years Sarandos was tasked with cutting licensing deals with studios and networks—helping those content creators make more money from their catalogues. Then he decided to compete with them. Since 2013, under his direction Netflix has partnered with the likes of Tina Fey, Chelsea Handler, and Kevin Spacey to create headline-grabbing original series for the web-based network.

That role has elevated Sarandos’s profile, to a level on par with that of the much-lauded Hastings. (Google “Reed Hastings and Ted Sarandos” and you’ll get an unending stream of pics of the two together at premieres and press events.) Hastings, 55, is a computer-science grad turned serial entrepreneur. He started Netflix as a mail-order DVD service in the late 1990s after Blockbuster fined him \$40 for a late movie. Sarandos, 52, was an ambitious college dropout from Arizona who got his start running a chain of video stores and talked his way into Netflix soon after it was formed, joining in 2000 as vice president of content.

Hastings calls their working relationship “incredibly easy and fluid,” but their demeanors and dispositions hint at the differences between Silicon Valley and Los Angeles. In separate interviews, they donned similar outfits: plaid button-down shirts and jeans. But Hastings wore sneakers and a shaggy goatee; Sarandos was clean-shaven and in loafers. Hastings met me in an open-plan space at HQ, with engineers and other employees milling around us; my interview with Sarandos was behind the closed doors of his spacious office.

About 600 employees now work for Sarandos out of the company’s Beverly Hills location, and Netflix will more than double its L.A. real estate when it moves into a Hollywood office tower in 2017. But it took some trial and error for Sarandos

MEDIA DUOPOLY FOR SARANDOS AND HASTINGS, STRONG ORIGINAL PROGRAMMING IS THE KEY TO GLOBAL GROWTH, AS BUZZWORTHY TV SERIES AND MOVIES DRAW IN MORE SUBSCRIBERS.



to earn that kind of headcount. In 2006 he persuaded Hastings to let him start Red Envelope Entertainment, an initiative to buy and distribute indie films on DVD. The division flopped and shut down two years later. One problem that tripped it up: Under U.S. law, there were no “exclusives” in DVD distribution. No matter how much Netflix spent to buy, say, a movie about a road trip to pick up a lounge chair (yeah, we didn’t see *The Puffy Chair* either), others could turn around and distribute it just as easily.

By 2011, Netflix was four years into its web-based streaming and had amassed 20 million streaming subscribers. That’s when Sarandos decided to try his hand again, this time with a much more am-

“

REED HASTINGS, CEO

WE HAVEN'T HAD
NEARLY AS MUCH
IMPACT AS WE HOPE
TO MAKE OVER TIME,
BECAUSE WE'RE
NOT NEARLY
GLOBAL ENOUGH.”

bitious play. He shelled out a reported \$100 million to buy the domestic rights to *House of Cards*, a virtually unknown British miniseries that had run in 1990. Hastings's only contribution, the way he tells the story, was not stopping it. Two years later the show launched to massive fanfare and acclaim—opening a Pandora's box of change.

HOUSE OF CARDS, starring Kevin Spacey as the unctuous and deadly politico Frank Underwood, is so much a part of the cultural wallpaper—it will start its fifth season in early 2017—that it's easy to forget how revolutionary it was. When Netflix bought the rights, it cinched the deal by offering the show's producers,

including Spacey and director David Fincher, a commitment for two full seasons, sight unseen. There was no demand for a pilot, no test-marketing song-and-dance to perform. Those testing processes are agony for “creatives,” but they enable TV networks to manage their financial risks, test-driving an idea until they're confident it will make money.

The *House of Cards* deal tossed that model out like so many catered leftovers, as Netflix bet on the product without insisting on the creative control that comes with a traditional TV deal. “No one had done that before,” says Matt DelPiano, an agent with Creative Artists Agency who represents Spacey; for the creators, he adds, saying yes “was a no-brainer.” Netflix also made *House of Cards* the first “binge-watch” series by releasing an entire season at once—an approach that has since taken off and been experimented with by networks and by newer competitors like Amazon and Hulu.

The show was the first of many big-ticket Netflix bets on original programming. Many network executives complain that Netflix's gessse has driven up the cost of the best talent.

They note that for a network show to justify a \$50-million-a-season price tag, it would have to command almost unattainably big audiences.

But Netflix doesn't face the same constraints, thanks to its subscription model. Each Netflix membership starts at \$8 a month, or \$96 a year. Multiplied by tens of millions, that revenue stream gives Netflix a huge cushion to support prestige programming. Sarandos and Hastings are cagey about how Netflix chooses which shows to green-light, though they have said that data about current subscribers' viewing habits shapes programming. More important, as Sarandos stresses, "it's the cumulative impact of a lot of great programming that really moves subscriber growth." Recent years' numbers bear that out: The company's surge in original programming has coincided with a 145% increase in subscribers since 2013.

Thanks to subscriptions, of course, Netflix can forgo commercials. Sarandos and Hastings argue that since they sell no ads, they don't need to disclose viewership numbers. That assertion drives competitors nuts. At a Television Critics Association event in January, network heads spoke out against Netflix's shroud of secrecy. John Landgraf, the CEO of FX Networks, called its lack of disclosure "ridiculous" and accused tech companies of not playing on an even field.

It's hard to blame the networks for feeling frustrated. Non-streaming TV viewing in the U.S. fell about 3% last year in terms of hours viewed. Analyst Michael Nathanson of MoffettNathanson has estimated that Netflix accounted for about half of that decline. (He calculated that Netflix represents about 6% of American TV viewing and projects that will rise to 14% by 2020.) Those trends eat into networks' ability to command top prices for advertising, while the lack of numbers from Netflix makes it harder for them to prove that their hits are tops in their categories. The situation gets more galling when Netflix executives state, without offering proof, that they are beating the networks, as Sarandos did last December when he said that Netflix's drug-trafficking drama *Narcos* reached more



NETFLIX'S NEW PALS

Disney
In late May, Netflix announced it would have exclusive streaming rights, beginning in September, to Disney movies [which include a treasure trove of intellectual property from Marvel, Lucasfilm, and Pixar].

Will Smith
In March, Netflix shelled out a reported \$90 million for the actor's upcoming cop thriller, *Bright*, outbidding major studios for the picture. Smith's cut of the action? Not clear, though an estimated half of the total cost is going to "talent."

Univision
A deal announced in May will bring Netflix series *Narcos* [above] and *Club de Cuervos* to the Spanish-language broadcaster. Also coming: a co-produced drama about drug lord Joaquin "El Chapo" Guzman. [No, Sean Penn won't be involved.]

viewers than the HBO hit *Game of Thrones*.

Netflix has little incentive to make peace by divulging its numbers, Hastings says. "If I told you today that the shows on Netflix were watched at a dramatically higher rate than anything on basic premium or broadcast TV, that would be bad for our suppliers, because everyone would say, 'Oh, my God, Netflix is killing all of television,'" he says. "And if I told you the opposite, they'd say, 'Oh, my God, Netflix is going to die.'"

Even movie stars—and Netflix is signing up a dizzying bevy of them—won't know how their films do on Netflix. What will Sarandos say if Will Smith demands to know how many people have seen his movie? Sarandos delivers his hypothetical answer with just a hint of a smile: "No."

THEN AGAIN, Smith may not care, since he'll be cashing an enormous check—thanks to Netflix's next big programming push, into feature films. When Smith's *Bright* makes its debut, it will be Netflix's boldest bet on an original movie to date. The reported \$90 million price tag is a hefty

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one—even for the former Fresh Prince of Bel-Air and director and writer David Ayer, of *Fury* and *Training Day* fame. But Hastings and Sarandos are focused on proving that Netflix can produce exclusive, big-ticket films with franchise potential. (In other words, it'd be wise to wager on a *Bright 2*.)

The *Bright* bonanza is part of \$5 billion that Netflix will spend on programming this year alone, including at least 60 original shows, a dozen documentaries, and eight feature films. It's an enormous upping of the ante: To put it in perspective, Netflix spent \$3 billion on programming in 2015, and its total revenue for 2015 was just \$6.8 billion. (To help support its content habit, Netflix has raised long-term debt, closing a \$1.5 billion borrowing round last year.)

In addition to *Bright*, Netflix recently bought a war-movie satire by Brad Pitt and a drama about a Cambodian human-rights activist, directed by Pitt's wife, Angelina Jolie Pitt. Netflix's appeal to Brangelina-caliber stars is growing thanks to its huge subscriber base, but also because the company offers a simplified compensation structure that takes out some of the risk of moviemaking. Typically, top movie talent negotiate a cut of the "back end"—what a studio makes from box-office sales, global distribution, and syndication. That can leave stars and directors vulnerable if a movie flops. But Netflix replaces back-end deals with generous payments upfront, something it can more easily do because of its subscription income.

What's causing heartburn in Hollywood is the thought that Netflix may never put these films on the big screen. Hastings has long squabbled with the industry over the "theatrical window"—the amount of time that theaters have exclusive rights to a film. Until Netflix came along, no one in the business thought you could completely do away with it, and many still don't. "We believe that movies made for the cinema are different than movies made for home content," says Fithian, the head of the theater owners' trade group. "Consumers think that if a movie is available at home at the same time as the cinema, it must not be that good."

TWO FOR THE MONEY

HBO, WITH ITS HISTORY OF CRITICALLY LAUDED AND POPULAR ORIGINAL PROGRAMMING, HAS LONG BEEN SEEN AS THE STANDARD THAT NETFLIX IS STRIVING TO EXCEED. BUT BY SOME MEASURES NETFLIX HAS A LOT OF CATCHING UP TO DO.

▼ 2015 EMMY AWARD NOMINATIONS:

NETFLIX
34

HBO
126

▼ 2015 EMMY AWARDS:

NETFLIX
4

HBO
43

▼ HOURS OF ORIGINAL PROGRAMMING SLATED FOR 2016:

NETFLIX
600 HOURS

HBO
600 HOURS

Netflix has been just as outspoken, claiming that theater owners are stifling innovation. A smaller window, or a nonexistent one, would give Netflix and its subscribers faster access to first-run movies. And if Netflix were to make streaming-only movies that generate blockbuster-style buzz and audience interest, more studios might consider taking a chance on earlier streaming of their own movies.

Sarandos rebuffs the idea that smaller windows would kill the theater industry. "Remember, you can eat at home any meal that you can eat out," he says. "But people choose to go out." Left unspoken is the fact that where movies are concerned, "eat at home" has been winning market share for quite a while—thanks largely to Netflix.

HOW BIG can Netflix get? In January the company announced that it is now available in 190 countries, up from 60 a year earlier. About 42% of Netflix's current customers are outside the U.S. The global growth hasn't rolled out as fast as investors had hoped, resulting in some recent yo-yoing of Netflix's stock price—but some analysts think the company could still double its customer base by 2020.

"We haven't had nearly as much impact as we hope to make over time, because we're not nearly global enough," says Hastings. "If we can get to that level of popularity globally, we'll look back at today and say, 'Oh, we were so small, 81 million only.'"

As it expands, Netflix's ability to work with the competitors that now eye it so distrustfully will be more important than ever. Judging by one of its latest deals, that may not be a stretch. In May, Netflix announced that it was partnering with Univision to develop a series about drug lord Joaquin "El Chapo" Guzman. The deal will also bring two original Netflix shows, *Narcos* and *Club de Cuervos*, to the Spanish-language network. Yes: In its quest for global domination, Netflix will try "traditional TV," including making its shows' ratings visible for all the industry to see. Worlds colliding? In Netflix's universe, it won't be the last time. **IT**



WHEN THE HOLIDAY SHIPPING SEASON HITS, WHO WILL YOU RELY ON?

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Reliable: Over 660 million packages delivered last holiday season.

Convenient: Free regular Saturday delivery 52 weeks a year.*
With Priority Mail Express®, we even deliver on Sundays and December 25.†

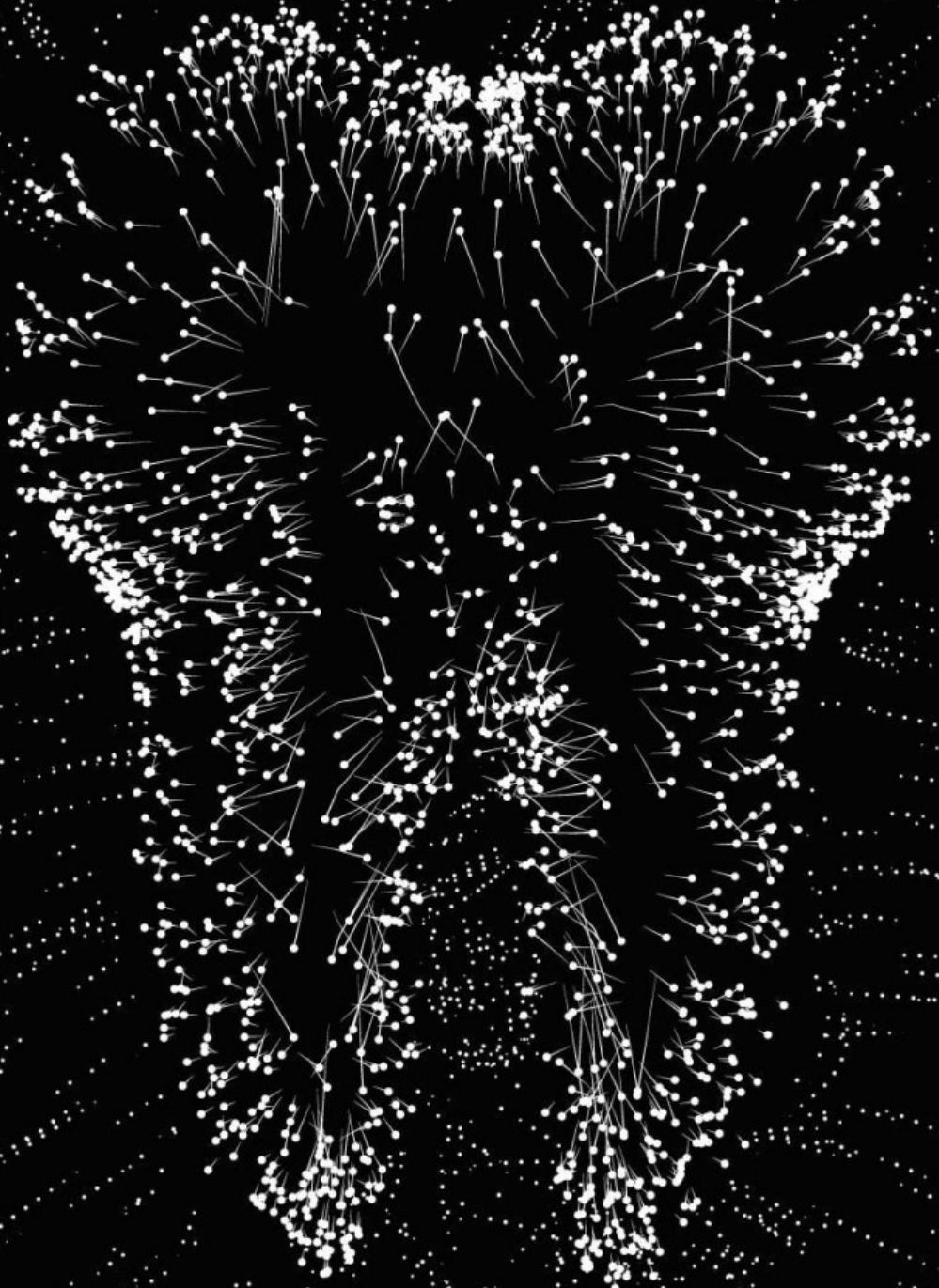
Transparent: Upfront pricing, with no residential delivery surcharges and no fuel surcharges.

Let our experts help you get ready for the holidays.
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*Except when Saturday is a national holiday.
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500



TWO TALES FROM THE DIGITAL FRONTIER

What does an obscure dental-supply wholesaler have in common with one of the world's mightiest conglomerates? Both can teach us plenty about digital transformation. Inside **Henry Schein, GE**, and the new Industrial Revolution.

BY **ALAN MURRAY**

ILLUSTRATION BY **KAROL GADZALA**

RANK
268

**HENRY SCHEIN
COMPANY
PROFILE**

REVENUES
\$10.6
BILLION

PROFITS
\$500
MILLION

EMPLOYEES
19,000

TOTAL RETURN
TO SHAREHOLDERS
(2005-2015
ANNUAL RATE)
13.7%

RANK
11

**GENERAL
ELECTRIC
COMPANY
PROFILE**

REVENUES
\$140.4
BILLION

PROFITS
-\$6.1
BILLION

EMPLOYEES
333,000

TOTAL RETURN
TO SHAREHOLDERS
(2005-2015
ANNUAL RATE)
2.5%

You probably don't think of Henry Schein as a technology company. In fact, you probably don't think of Henry Schein at all. At No. 268 on the Fortune 500, it is one of the least known names on the list, in the most mundane of businesses—wholesaling supplies to dentists. Compared with an Apple, Amazon, or Alphabet, the 84-year-old Long Island company is about as cool as a root canal.

But Henry Schein has managed to place itself at the center of a technological revolution. It has turned its dull-as-mouthwash catalogue business into the leading platform for digital dentistry, and increasingly for other medical practices. In doing so, it has made big money for shareholders. Since its IPO in 1995, it has provided an annualized return to shareholders of 16%—one of the best long-term performances on the list and far above Berkshire Hathaway's 10.1% over the same period.

Herein, as you'll see, lies a lesson (or several). In today's economy almost every big company, even one selling dental drills, is on a journey of digital transformation. Cloud and mobile computing, ubiquitous sensors producing endless streams of data, and ever more intelligent algorithms have created the potential to transform nearly every aspect of nearly every business. Getting ahead in the digital journey can lead to outsize success,



as the Henry Schein story illustrates. Falling behind, in a race with winner-take-most dynamics, can cause fatal disruption.

Today's savviest executives recognize that. In a survey of *Fortune* 500 CEOs we conducted for this issue, the rapid pace of technological change was cited most often as the single biggest challenge facing their companies. Three-quarters of the CEOs said a transformative trio of technologies—cloud computing, mobile computing, and the Internet of things—will be either “very important” or “extremely important” to their businesses in the future. More than 50% added artificial intelligence and machine learning to the list.

Asked whether they now consider their company to be a technology company, 67% of the CEOs said yes. Whether they pump liquids, make machines, mine minerals, or print magazines, digitization has become their destiny. But, hey, no reason to ask corporate chieftains. Four out of five dentists can tell you that—or at least those who shop at Henry Schein.

HAVE YOU EVER HAD A CROWN put on your teeth?

Here's the standard process at most dental offices around the country. The dentist puts you in a chair and inserts gag-inducing goop into your mouth to make an impression of your teeth. The goop is then



shipped to a lab, where it's turned into a mold used to make your crown. Artisans apply a white enamel powder to the crown in an attempt to match the color of your teeth. The whole process is very labor-intensive—and hasn't changed much in a century (except, perhaps, for the recent "innovation" of moving some of the lab work to China).

At the charity-run dental clinic adjacent to Henry Schein's offices south of Salt Lake City, however, the experience is dramatically different. There is no goop. The dental assistant uses an imaging rod that can quickly make a 3D computer image of the affected teeth. The assistant then designs the crown on the same screen and sends it to a nearby drilling machine that's about the size of a large toaster oven. Thirty minutes later the crown is done. The entire design and manufacturing process takes less than an hour—and the dental chair provides a back rub while you're waiting.

WISDOM AND TEETH
STANLEY BERGMAN—PHOTOGRAPHED IN HIS OFFICE AT HENRY SCHEIN HEADQUARTERS IN MELVILLE, N.Y.—HAS BUILT A DENTAL EMPIRE BY SERVING CUSTOMERS.

"The paradigm shift going on in dentistry is the most major and significant in my long career," says Dr. Gordon Christensen, a leading provider of continuing education to dentists. And Henry Schein, whose main presence in the dental office used to be a 1,000 page catalogue, is at the center of it.

For that, Stanley Bergman, the company's CEO for 26 years, deserves the credit.

Bergman is neither a dentist nor a technologist. He was born in South Africa but left in objection to apartheid and came to New York in 1976. He worked as an accountant and then as a consultant for BDO, where he helped other companies adopt new spreadsheet applications. "I never really understood computing," Bergman says. Indeed, in the late 1970s a group of his BDO colleagues left to join a new computer company called Apple and asked Bergman to go with them. He declined. Instead, in 1980 he took a job with one of his clients, Henry Schein.

The young accountant clearly impressed his employers. Before dying from cancer in 1989, then-CEO Jay Schein named Bergman—only 39 years old at the time—his successor. The company's sales were then \$200 million. Last year they were \$10.6 billion.

Given that extraordinary success—which rivals that of, say, Oracle's Larry Ellison—Bergman is a remarkably humble and unassuming man. He attributes the transformation of Henry Schein from catalogue to digital platform as much to serendipity as to smart strategy. (Would Ellison say the same?) In the early 1990s a number of small companies sprang up offering DOS-based software packages to help dentists handle basic accounting. A Henry Schein marketing man tried selling it but found that the main barrier to software sales was credibility: Dentists weren't convinced the startups would still be around years later to provide product support. So as an experiment, Henry Schein agreed to put its name on the product and service the customers. The software began to sell.

One day a couple of years later, Bergman recalls, "I was at a dental convention, and the software maker came up and said, 'You

guys are doing such a great job selling my product, I plan on selling the business.” In order to keep his commitment to his customers, Bergman bought the company.

Just like that, Henry Schein found itself in the software business. And as Bergman freely confesses, “We didn’t know how to run a software business.” When software moved from DOS to Windows, Henry Schein bought another company, called Dentrrix, which did both scheduling as well as accounting and offered a crude sort of electronic medical record. Larry Gibson, founder of Dentrrix, became the company’s chief technology officer, a position in which he served until 2007.

As a provider of software, Bergman found he was no longer merely a wholesaler, but a service provider too. That, in turn, required a complete retraining of the sales force, turning them “from order takers into people who brought advice to the customer.”

The resulting combination—software manufacturer plus consultant plus wholesaler of equipment and supplies—turned Henry Schein into a one-stop platform for dentists and put it in a position where it could ultimately drive the digital transformation of the dental office.

Bergman says that even today, when he employs 120 computer coders in Utah’s “Silicon Slopes” and 400 globally, he thinks of the company as primarily a service provider—not a tech company. Rarely is Henry Schein the first to introduce new technology, he says. “But when the price becomes such that 80% of the bell curve can afford to adopt it, you will find us there.” Success comes from building platforms users trust, Bergman says: “We didn’t bring much to Dentrrix. What we did bring is trust. When the phone rings, you make sure you answer it.”

In recent years the company has expanded to other areas of practice, including veterinary medicine. For now, its software services remain relatively simple, providing scheduling services and text reminders to owners to bring in their pets or buy heartworm medicine. But it is investigating new electronic collars that will allow vets to monitor animals’ health from afar. Inactiv-

“



JEFFREY IMMELT : GE CEO

I TRY NOT TO GET AHEAD OF MYSELF—BUT IF WE ARE AS SUCCESSFUL AS WE THINK WE COULD BE, THIS IS THE NEW GE.”

ity could provide an early signal of an illness. Head shaking may mean an ear infection. Too much drinking could be an early sign of diabetes. The digital vet is not too far in the future.

WHILE HENRY SCHEIN began its digital transformation two decades ago, GE has been at the job for just five years. But the giant industrial company—No. 11 on the *Fortune 500* list—has gone at it with prodigious determination, attempting to meld the world of digital analytics with the world of jet engines, steam turbines, and locomotives.

Lorenzo Simonelli runs the company’s oil and gas business. He sees data as driving “the next generation of productivity” for its customers. GE is now installing sensors on all its equipment and gathering vast amounts of data as a result. In its liquid-natural-gas business, for instance, 740 gas turbines are connected to what the company calls iCenters. “We collect as much data in a day as all of Facebook,” Simonelli says.

In many cases, applications are straightforward. Product engineers can increase the productivity of their wells by 2% to 5%, Simonelli says, by monitoring activity at the pump. Blowout suppressors can be gauged from afar, preventing “unplanned pulls,” which can cost up to \$3 million. Sensors on pipelines can alert to leaks, corrosion, and broken valves, saving huge sums on maintenance.

GE is now moving beyond such applications to more sophisticated analysis. It’s in the process of creating “digital twins” for much of its equipment—ones that can be used to run computer-simulated experiments that not only maximize productivity but also provide invaluable information for product improvements. “We are on a journey,” says Simonelli. “The journey is moving very quickly. We are at the cutting edge of it, and plan to stay that way.”

Trail guide for this journey is a man named Bill Ruh, the company’s chief digital officer and the CEO of GE Digital. His first encounter with the term “Internet of things” (IoT) came back in the 1990s, when he was running a startup that used RFIDs—an early version of sensors—to track objects remotely. “It was a bust,” he

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says. “We couldn’t get the economics right.”

Still, Ruh continued to believe that the IoT had legs. And he believed that existing firms would have an advantage over software startups for two reasons. First, they had data, and “data is water rights to the valley.” And second, they had domain knowledge. If a big company could get itself strategically aligned around it, this was going to be really big, Ruh understood.

When he met GE CEO Jeff Immelt in 2011, he knew he had found a partner with whom to test out that thesis. “Jeff was the antithesis of the innovator’s dilemma,” says Ruh. “He didn’t understand technology. But he understood in a visceral way what was going to happen to data and technology and how it was going to transform his business.”

Ruh joined the company and quickly built up its digital operation, which now employs 1,500 people in San Ramon, Calif., and 30,000 around the world. In all eight of the company’s operating divisions he placed chief digital officers who report to him as well as to the division CEOs.

As with Stan Bergman, Ruh has his own rules for success—three of them, actually.

First is that leadership has to come from the top. “I’m the chief digital officer,” he says, “but Jeff is really the chief digital officer. He owns the strategy. He is holding people accountable. If the senior-most executive doesn’t have this as one of his two, three, or four top initiatives, you can’t even start.”

Second is that speed matters. “You have to take in the Silicon Valley mind-set,” Ruh says. “Get something out quickly. Learn and pivot. Fail and move on. This was one of the harder things to learn at this company. It’s not a good way to build a jet engine—but you have to do it for software.”

Third, decide where to start. Immelt’s instruction was to begin with GE’s services business. “That way,” says Ruh, “we could test it out on ourselves before taking it to customers.” That’s what Amazon did with Amazon Web Services. It became its own first, best customer.

For GE, the crucial leap into the unknown came in February, when it opened up its own cloud platform for the Indus-

trial Internet, called Predix, to other businesses and to software developers—a decision that came only after a huge debate among GE executives and ultimately its board of directors.

Immelt didn’t want to wait for either certainty or consensus. He had seen the painful lessons that digitization had imposed on other industries. “If you think about it,” he tells *Fortune*, “15%, almost 20%, of the S&P 500 are consumer Internet companies that didn’t exist 15 or 20 years ago, and the existing consumer companies in those areas—media, retail, consumer banking—got none of that.” Immelt had already lived through that reckoning once at GE, which formerly owned NBCUniversal. “I was able to see that,” he says. “And I passionately believe that if you are an industrial company, you can’t allow that to happen.”

While the jury is out on Predix’s success, GE has one key advantage in its deep knowledge of devices. “The killer app in the Industrial Internet is the combination of physics and analytics. It’s a different skill set than the consumer Internet,” Immelt says.

If GE succeeds in becoming, in effect, the Microsoft or Google of digital transformation, that business could end up dwarfing its other efforts. “I try not to get ahead of myself,” says Immelt. “The way we have tried to describe it to investors is this: We can fund this investment with the amount of productivity we generate internally as a company. Then we can leverage the investment by increasing our services to customers.

“But if we are as successful as we think we could be,” he says, “this is the new GE.”

IS THIS A NEW INDUSTRIAL REVOLUTION? Are the changes that cloud-based data and analytics are bringing to the economy the equivalent of, say, what happened when the economy moved from steam power to electricity a century ago?

That’s a debate that, as yet, has no clear answer. Economist Robert Gordon, a leading authority on the subject, says he believes digitization is unlikely to be as economically important as the colossal forces that drove the first (steam) and second (electricity) revolutions. Others see much bigger changes underway, as data technology moves from the consumer space deeper into companies and industries. A report out of McKinsey last year said the Internet of things could create as much as \$11 trillion of value a year by 2025—primarily from its business and industrial applications.

In our survey of *Fortune* 500 CEOs, we asked whether they agreed with the statement that these new technologies “will cause a profound change in my business, on a par with the Industrial Revolution.” Four in 10 said yes. Stanley Bergman is one of them. Interoperable digital technology, he says, “will propel advances in productivity” and “profoundly change how we live in ways that we probably haven’t even imagined.”

Jeff Immelt, if anything, is even more optimistic: “I’m not hyperbolic by nature,” he says, “but I don’t think [the Industrial Revolution comparison] is an exaggeration. This is big.” ■



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—MICHAEL S. BURKE,
Chairman and CEO
of AECOM



Hyperloops, electrified roadways, iconic stadiums, and the world’s tallest commercial towers—these are just some of the things that excite **AECOM** Chairman and CEO Michael S. Burke. Here he discusses how his Los Angeles-based firm advances the infrastructure that supports our daily lives.

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The convergence of technology, infrastructure and the built environment is more rapid than ever before. At AECOM, we seek out projects that live in this space, connecting the expertise of more than 92,000 professionals with a hyper-focus on innovation to achieve our clients' vision.

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| REVENUES | PROFITS | EMPLOYEES | TOTAL RETURN TO SHAREHOLDERS (2005-2015 ANNUAL RATE) |
|----------------|---------------|-----------|---|
| \$78.8 BILLION | \$7.0 BILLION | 110,000 | 6.2% |

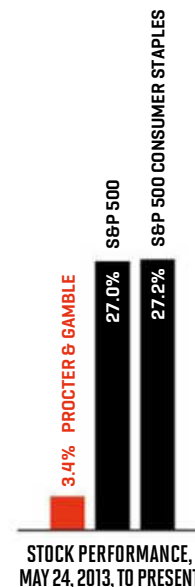
RANK **34**

CAN P&G FIND ITS AIM AGAIN?

It's been a humbling decade for the consumer products giant. Now leaner and more focused, with its third CEO in three years, can the king of brands regain its relevance after years of subpar returns?

BY **JENNIFER REINGOLD**

TRAPPED IN THE SLOW CYCLE?
P&G'S SHARES HAVE TRAILED ITS RIVALS AND THE BROADER MARKET OVER THE PAST THREE YEARS.



SOURCE: BLOOMBERG



500



On the ninth and 10th floors of Procter & Gamble's Cincinnati headquarters, in a secure area that few are permitted to enter, sits the company's Retail Innovation Center. The "I," as it's known, is slick and highly digital. P&G's top executives believe it contains the ingredients of the company's coming turnaround.

The center, which existed at another location for years but was revamped and moved in 2015, aims to tell P&G's story to its major customers. There are video case studies of disrupters, from Uber to Airbnb. There are mocked-up shelves of both P&G's and competitors' products and rooms set up to show P&G items in their intended habitats (such as a baby's room with a diaper table in a suburban home and a laundry setup in an apartment). One room is being prepared for a feminine-care presentation, with lingerie, pads, and tampons demonstrating various levels of absorbency. This is serious business.

An enormous screen in the first room allows users to click on stories showing how new technologies and marketing strategies are used. It's mesmerizing. But there's something odd: None of the hundreds of examples are P&G's own innovations. That's by design, say its creators, who want visiting customers from the likes of Walmart and Target to be startled by the pace of change, and then move on to learn more about what P&G is doing to change the consumer business. It uses big data to create customized analytics for every customer. The goal: convince people that P&G is modern, fresh, and ready to compete in this new and uncertain world.

But the sheer number of disruptive ideas depicted from outfits other than P&G underscores the fact that the \$78.8-billion-in-sales company has had so few of them of late. It's unexpected, considering the unparalleled innovation history of P&G. Scroll through the

CHECKED MATE? TAYLOR IS WELL-LIKED AND INSPIRES RESPECT. BUT AS AN INSIDER, CAN HE SHAKE UP P&G'S SCLE-ROTIC CULTURE?

timeline on its website, and you'll be struck by just how many world-changing technologies (first toothpaste with fluoride! first synthetic detergent!) were hatched there.

The array of global brands is unmatched. There are Ivory Soap (1879), Crisco (1912), Tide (1946), Crest (1955), Pampers (1961), Bounce (1972), Dawn (1973), Always (1983), Febreze (1998), and Swiffer (also 1998), as well as plenty of brands acquired by P&G (Gillette, Pantene, and others). The company claims it was the first to truly use market research (1920s). And if that's not enough for you, P&G is responsible for conceiving the soap opera too (1933).

The past is indisputably glorious. As for the present ... um, did we mention the past? The company renowned for its stable of 21 billion-dollar brands hasn't invented a new 10-figure brand from scratch in a decade. Yes, P&G crossed the billion-dollar threshold with Tide Pods in 2012, but that was a new delivery system more than a new product.

The drought will end, insists David Taylor, P&G's CEO since November. The company is reorganizing its R&D function and moving power to the leaders of product categories rather than leaving it to senior executives far from the marketplace. It is again focusing on breakthrough



DAVID TAYLOR: PROCTER & GAMBLE CEO

“UNTIL WE PUT UP NUMBERS, I DON'T EXPECT ANYONE TO BELIEVE ANYTHING.”



PREVIOUS SPREAD: (PARTS) STEVE WISHEAHER—GETTY IMAGES; (TAYLOR) COURTESY OF P&G

PROCTER & GAMBLE'S CEOs VS. THE S&P 500

DURING A.G. LAFLEY'S FIRST TENURE, P&G'S STOCK DRAMATICALLY OUTPERFORMED THE MARKET. IT HAS MOSTLY LAGGED SINCE THEN.



technologies that can change people's lives, says chief technology officer Kathy Fish, or at the very least, in her words, "wow the customer" with memorable experiences. "We were doing a lot that wasn't adding value for the consumer," she says, "and even worse, that was making it hard for the consumer to shop our shelves."

There are, Taylor contends, promising signs: new products like Tide purclean, a "greener" laundry detergent; Downy Un-stopables (sic), which are scented beads for the washer; and Febreze Car freshener. Sure, they're brand extensions, but they all use new technologies—and the latter two have sold some \$300 million each in their first year. Those are notable achievements, even at a behemoth like P&G.

Taylor, who is quick to say the transition will take time, says he wants P&G to regain its "mastery" after years of management turmoil, poor strategic decisions, and a series of unhelpful macroeconomic trends, including a rising dollar, which hurts P&G more than many others.

It is no easy task. P&G sales peaked at \$83.7 billion in 2012 before stagnating and then declining as the company began offloading brands. For 14 of the past 17 quarters, P&G has been losing market share in half or more of its products. Its revenues have lagged analysts' expectations for four of the past five quarters. The company's stock

has barely moved, inching up a cumulative 6.5% over the past two years, vs. 23% for rival Colgate and 29% for the S&P 500.

Talent has streamed out. Even the return of P&G's prodigal son, A.G. Lafley, as CEO, didn't fix that. Lafley had to come back in 2013 after his handpicked successor, Robert McDonald, left amid intense criticism. The squabbling that led to his ouster has subsided, but so, too, has optimism that the company has finally turned the corner. Taylor, 58, a 36-year P&G vet who hasn't granted a formal interview until now, acknowledges this. "Until we put up numbers," he says, "I don't expect anyone to believe anything."

Once a global giant stumbles, it's hard to recover. Just look at HP, which lost its way and continues to deconstruct itself, or Kodak, Yahoo, Sony, or Sears. P&G certainly faces no mortal threat; it made \$7 billion in profits last year, and it's still a pivotal consumer goods company. But it's struggling to regain its dominance, its fire, the magic that long attracted the brightest marketing, branding, and scientific minds.

Taylor is honest about P&G's challenges and has the trust and support of his team. "There's not a single person on the leadership team that says we need to maintain the status quo," he says. But it is an immense task. Can a lifer—or anyone, for that matter—rekindle that P&G spark?

CEO SUCCESSION is a complex, often messy endeavor. Just ask the board at Disney, which has struggled to identify a future replacement for CEO Bob Iger, or those duking it out with 93-year-old Sumner Redstone for control of Viacom. That was not the case at P&G back in 2009, when Lafley, who had presided over a decade of dramatic innovation and renewal, as well as the company-doubling \$57 billion acquisition of Gillette in 2005, prepared to step down.

Talent management and succession planning was something that P&G, the ultimate promote-from-within company, considered among its greatest competitive advantages. One of its biggest trade secrets wasn't a clothes-cleaning technology or diaper formulation, but its Talent Portfolio, a blue binder that listed pertinent data on every candidate for the top 120 jobs—as well as their potential replacements several levels down. In 2009 I got a peek inside that binder as I reported extensively on the carefully calibrated process that elevated then-COO McDonald to succeed Lafley.

But as impressive as the method was, the result was a bust. In fairness, McDonald had the misfortune of taking over during the punishing global recession that followed the financial crisis. But he proved to be a divisive leader. And he set out so many goals that few could grasp the real priorities. He also lacked a strong chairman, a P&G hallmark. Lafley served as chairman for just six months before resigning and leaving McDonald to his own devices.

Too many of the decisions during Lafley's first tour as CEO—heralded at the time—turned out to have complicated aftereffects. The company's emphasis on premium products in North America, such as Olay's higher-end skin creams, left it exposed when purchasing power dropped during the financial crisis. Lafley's decision to consolidate more power in "global business units" left long-powerful brand and country managers struggling to apply local insights.

"Innovation" came to mean modest twists on existing items (think Pantene for curly hair, medium-thick hair, Heat Shield,

SHOULD THEY STAY, OR SHOULD THEY GO?

SINCE 2014, PROCTER & GAMBLE HAS BEEN BUSY SHEDDING OR PREPARING TO SHED 116 OF ITS 166 BRANDS.



KEY BRANDS KEPT:

- PAMPERS
- ALWAYS
- BOUNTY
- CHARMIN
- TIDE/ARIEL
- FEBREZE
- GAIN
- DOWNY
- DAWN
- CASCADE
- SWIFFER
- HEAD & SHOULDERS

KEY BRANDS SOLD:

- | | | |
|---|---|---|
| <ul style="list-style-type: none"> PANTENE OLAY SK-II GILLETTE FUSION CREST ORAL-B VICKS TAMPAX BRAUN SAFEGUARD VENUS | <ul style="list-style-type: none"> IAMS EUKANUBA DURACELL WELLA CLAIROL WASH & GO FREDERIC FEKKAI MAX FACTOR COVERGIRL VIDAL SASSOON HUGO BOSS | <ul style="list-style-type: none"> SEBASTIAN NIOXIN NICE & EASY GUCCI LACOSTE CAMAY ZEST |
|---|---|---|

and Ice Shine) rather than new ideas. Says Werner Geissler, P&G's former vice chairman: "R&D people were working too much on cosmetic upgrades as opposed to game-resetting innovations. Head & Shoulders with Apple? Seaweed?" (In case you're wondering, P&G did sell both versions.)

And the seemingly logical move into developing markets—where the rising middle class meant billions in new consumer spending—proved more volatile than anticipated. It was this move that defined McDonald's tenure: In 2011 he announced that P&G would have 800 million new customers by 2015, primarily in China, Russia, and other newer markets. "The move of the center of gravity is critical," he said at the time.

It never happened. Instead, P&G posted a string of sales and earnings disappointments. The result: a falling stock and unhappy pensioners (whose retirement was paid in stock) who actively campaigned for McDonald's removal. That occurred as activist investor Bill Ackman took a stake and

publicly denounced McDonald's leadership. A slow-moving political bureaucracy, it seemed, had lost its way.

On May 23, 2013, McDonald suddenly "retired" from P&G. Back came Lafley, then nearly 66. Having remarried and moved to Florida to pursue triathlons and a part-time private equity gig, he found himself again at the company he had left so triumphantly. P&G's board believed he was the only person who could dig the company out of its hole. Apparently, P&G's blue binder didn't have as much top talent as its heft had implied.

But A.G. 2.0 turned out to be more of a brand extension than a breakthrough innovation. This version of the CEO was older and less energetic, one who defined his job more narrowly than he had the first time around. Once an indefatigable traveler who evangelized about the customer's "first and second moments of truth," Lafley stayed behind the scenes this time, using his newfound private equity skills to figure out which brands and categories deserved focus and which should be jettisoned. He announced he would no longer speak on quarterly earnings calls, refused to interact with the press, and, despite the fact that China was one of the company's biggest trouble spots, visited there only twice in his 2½ years at the helm. He wasn't even willing to move back to Cincinnati. That meant a P&G jet flew him back to Florida every weekend, at a cost of \$512,000 in 2015 alone.

Once driven by passion, Lafley now seemed motivated by obligation—as well as, perhaps, a desire to preserve his legacy. As he told an audience at UCLA's Anderson School of Management in December when asked why he came back: "The short answer was duty and unfinished business."

Lafley set about, in some cases, undoing actions he himself had taken years before. In 2014, P&G announced it would sell what turned out to be 116 of its 166 brands—a housecleaning that included several acquisitions championed by Lafley himself, such as Wella, bought for \$7 billion in 2003, and Clairol, for \$5 billion in 2001. In 2015, Coty agreed to buy the two, along with 40-odd others, for \$12.5 billion. Duracell, which

**SHRINKING
MARKET
SHARE**
PERCENTAGE
OF P&G
BUSINESSES
LOSING
SHARE, BY
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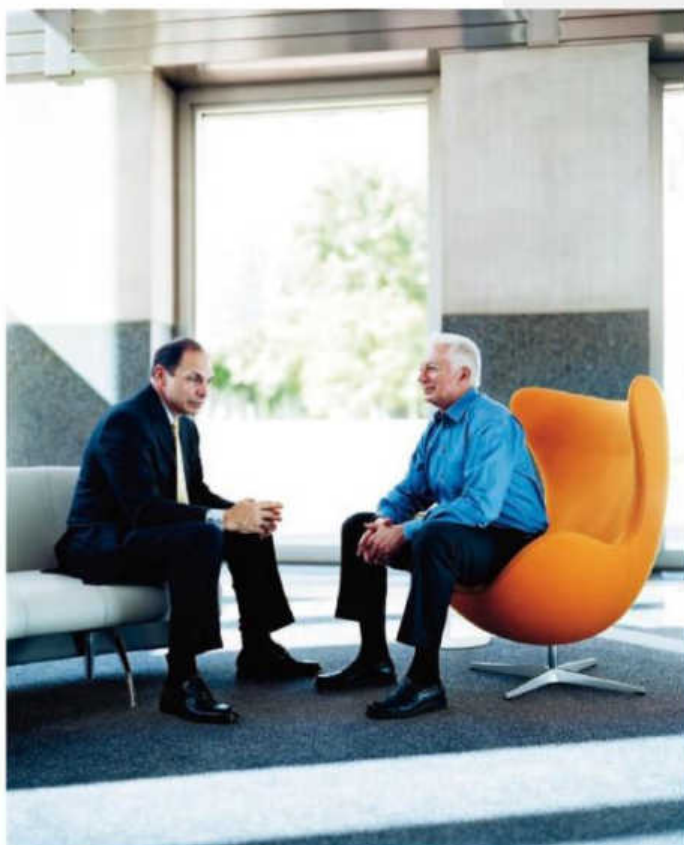
came with the Gillette purchase in 2005, was sold to Warren Buffett this year. (The Oracle of Omaha traded his 52 million P&G shares for the battery business, a seeming vote of no confidence in P&G's overall prospects.)

Lafley, and later Taylor, began recalibrating the company's strategy in China. P&G had entered early, in 1988. But it underestimated the growth of China's upper class, focusing instead on the lower- to middle-class market. Its diapers, for example, proved vulnerable to higher-end offerings from Japanese competitors; P&G's market share has fallen nearly five percentage points since 2010, to 37%, according to Euromonitor & Citi Research. Explained Taylor at a recent conference: "We looked at it too much like a developing market as opposed to the most discerning customers in the world." P&G is now trying to move upmarket in China.

P&G has also shifted more resources back to North America, where it has a more dominant share. And it has become leaner and less bureaucratic, in part through huge job cuts—35,000 by the end of 2016. P&G has slashed product categories from 15 to 10 to improve focus. Says Jon Moeller, its longtime CFO: "The businesses we are keeping are those where we have a product technology that makes a consumer difference—and, almost to a one, daily use items."

When asked about reversing his own much-lauded strategy, Lafley was unapologetic: Different times require different measures. As he told the audience at the Anderson School (Lafley declined to be interviewed for this article): "I had two incredibly interesting opportunities, and they were 180 degrees different. In 2000 the job was to grow. It was an extension and expansion strategy. When I came back," he said, "I looked at a company that was overextended and overexpanded... It was a totally different situation." Left unsaid was the question of whether one strategy might have had anything to do with the other.

After just over two years, Lafley concluded he was done, again. He hadn't revived top-line growth, but he had made tough decisions and, he felt, refocused the company. Lafley



announced he would move to executive chairman in November 2015—to be replaced as CEO by Taylor, then the group president for global beauty, grooming, and health care. The board conducted a search but ended up choosing—again—a lifer carefully groomed by Lafley. (In another Groundhog Day moment, Lafley announced on June 1 that he will resign as chairman again on July 1. This time he stayed eight months rather than six.)

Internally, there was a collective sigh of relief. Taylor, many thought, could provide both stability and a higher level of engagement than the company had experienced of late. Taylor is known as a good guy—the type who trusts his lieutenants, inspires people, and bleeds P&G blue and white.

He began as a plant engineer. But 12 years in, he decided he wanted to work with the brands and started over again from the bottom as an assistant brand manager for Pampers—an unusual move and one that

TWO CEOs, THREE TENURES
A.G. LAFLEY (RIGHT, IN 2009) OVERSAW A SMOOTH TRANSITION TO ROBERT MCDONALD (LEFT) BUT THEN RETURNED TO REPLACE HIS SUCCESSOR AFTER MCDONALD STRUGGLED.

required humility. Says Gary Martin, P&G's former head of family care, who ran product supply when Taylor was a plant manager: "He was always a star. I managed 65,000 people, and every time we rated the most promising people, he was always No. 1."

Taylor is white, North Carolinian, basketball-loving, churchgoing—straight out of central casting for the P&G executive suite, if not exactly an improvement on the diversity front. He has worked in beauty, grooming, and fabric care on multiple continents, but spent most of his time in the baby-care business. An operations guy rather than a marketer, Taylor won kudos for successfully expanding the paper business into Europe and, later, advocating the sale of the pet-care business.

Unlike some predecessors, Taylor is said to make people feel comfortable. But is feeling comfortable what P&G needs right now? "I find [Taylor] to be absolutely lovely," says veteran Citigroup analyst Wendy Nicholson. "But when you talk to him he talks a lot about the high level: 'We care about the consumer and culture.' You wonder if that makes folks feel better, but maybe it's not the right approach."

Taylor says he understands such criticism, but responds, "I'm in a great position *because* I understand that culture." There have, of course, been secret rebels who entered as seemingly rote company men only to smash the china. Intel's Andy Grove was the clear exemplar, and GM's Mary Barra and Microsoft's Satya Nardella are attempting similar transformations. But so far, it's hard to imagine that this earnest red-haired guy with 36 years at the company is a secret revolutionary in a plaid jacket.

ONE THING THAT'S CLEAR is that Taylor is obsessively committed to Procter & Gamble. He does not sit on any other boards (he resigned from TRW's in 2015), does not speak to graduation classes, doesn't give interviews (this was his first sit-down with a reporter, and he agreed to it only after it became clear that the article would be published whether he cooperated

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[†] FDIC Insurance up to \$250,000 per depositor, per insured bank, for each ownership category.

or not), and doesn't go to Davos. He devotes himself to one company. "You can't imagine how many people want to see you," he says when asked what's different about being the chief executive. "But unless they say it's important to Procter & Gamble, it's not important to me."

Taylor knows that changing the culture requires injecting a new sense of urgency. To show he's serious, he holds frequent webcasts and town halls and has visited 20 different countries in the past 12 months, including China three times. He doesn't proselytize for a new vision. Instead, he says, he offers "straight talk" about what's happening and encourages underlings to use the same approach with him. He has said that nothing is off the table when it comes to fixing P&G. (Taylor wouldn't comment on suggestions that P&G be split up or the rumored acquisition of Church & Dwight, whose brands include Trojan, Arm & Hammer, and Nair; that would be a surprise after so much divestiture.)

His initiatives so far have all been sensible—but they are not exactly barn burners. Many involve shedding layers of bureaucracy and empowering people who are closer to their market rather than to headquarters. Taylor is also changing the compensation system to take into account employees' local unit and country performance as well as global results.

The CEO hates PowerPoint presentations. He uses a simple scorecard: Each product is marked green (good progress), yellow (some issues), or red (trouble) compared with its competitors, accompanied by a plan to fix the problems or expand. "I don't want to see fabric care say it's winning against other [P&G] categories," he says. "I want to see what we did against the best competitor."

On the innovation front, CTO Fish, who has been in place since 2014, is reorganizing R&D. Initiatives that cannibalize brands without expanding the overall market are being deemphasized. She points to offerings like the new Oral-B Bluetooth toothbrush, which records your time brushed and the parts you've missed,

or SK-II's Magic Ring, which measures your skin's age, as examples of the return to P&G's technical superiority.

But some outsiders are concerned that may not be as relevant in an era when millennials are enthralled more by value than by top-of-the-line science, by sustainability as much as performance. Case in point: Dollar Shave Club, which since its 2011 founding has sliced out 8% of the razor market with a cheap but reliable online offering that took P&G by surprise. Says Ali Dibadj, an analyst at Sanford Bernstein: P&G is "creating the best technical product, but the consumer wants something emotionally bonding, niche, and customized. The Honest Co. has a message. Do people argue that it works better than Tide? No. Do people find it attractive to be attached to that brand? That's what these guys don't get."

In response to Dollar Shave Club, P&G's Gillette unit launched its own online offering in 2015—and sued the company for allegedly stealing its intellectual property. (A Dollar Shave spokesperson denies any patent infringement and adds, "We are not intimidated by Gillette's attempts to thwart competition with litigation.")

Where P&G is making undeniable progress is in cutting costs—which began under McDonald but continues to accelerate. Amazingly, the company was working with 6,000 creative agencies until 2014: By reducing the number by nearly 40%, it has cut its marketing and production spending by \$500 million, with more to come.

Now the company has another \$10 billion cost-reduction plan underway. Much of it will come from an overhaul of the supply chain in North America and Europe. Global product supply officer Yannis Skoufalos says he is reworking the system as if he is building it from scratch—a monumental task for a company of P&G's size.

Parsimony helps, but nobody, as the old line goes, ever cut their way to greatness. "I don't believe his focus on cutting costs was sufficient," says Melanie Healey, who headed P&G's North America business until 2015. She's speaking about Lafley, but the point applies to Taylor too. "It needed to be more balanced, early on, with also investing in growing the top line. Both are critical to driving shareholder value."

Needless to say, constant budget pruning doesn't do a whole lot for morale; either you are cut, or you work more. That may be why people continue to leave P&G. Says one former top executive who is in touch with many P&G execs: "They're very frightened. They've lost their swagger, their confidence."

Perhaps P&G needed to lose some swagger. The sense of infallibility that comes with success can be precisely what allows disrupters to sneak in. And the company—most of all Taylor—understands this is what happened. But will that knowledge make a difference? Says a former top P&G executive: "P&G knows how to solve these problems. It has more consumer data than anyone on the planet. It has the tools. It has the ideas. But culture gets in the way of allowing those ideas to move forward quickly." **■**

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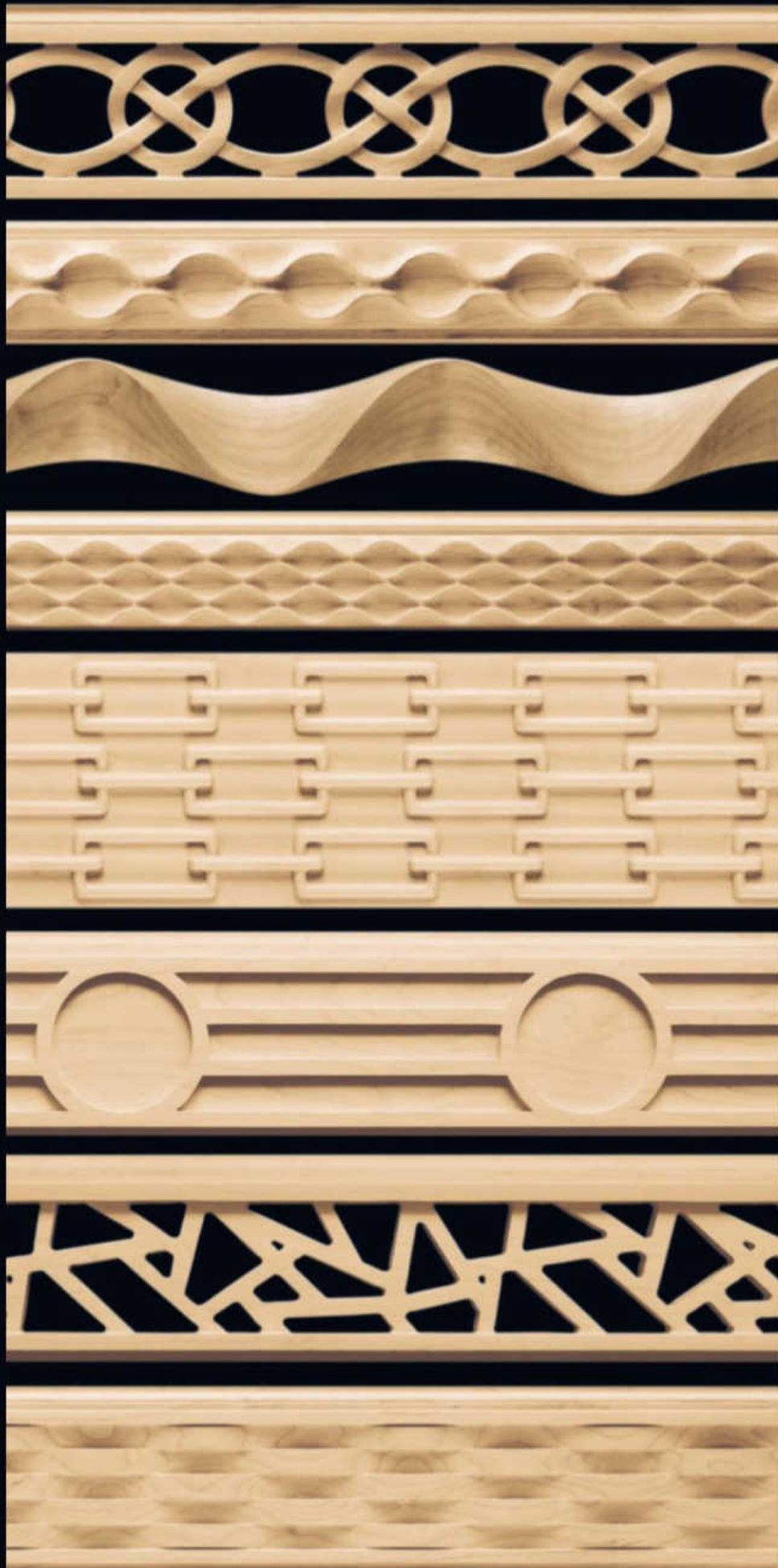
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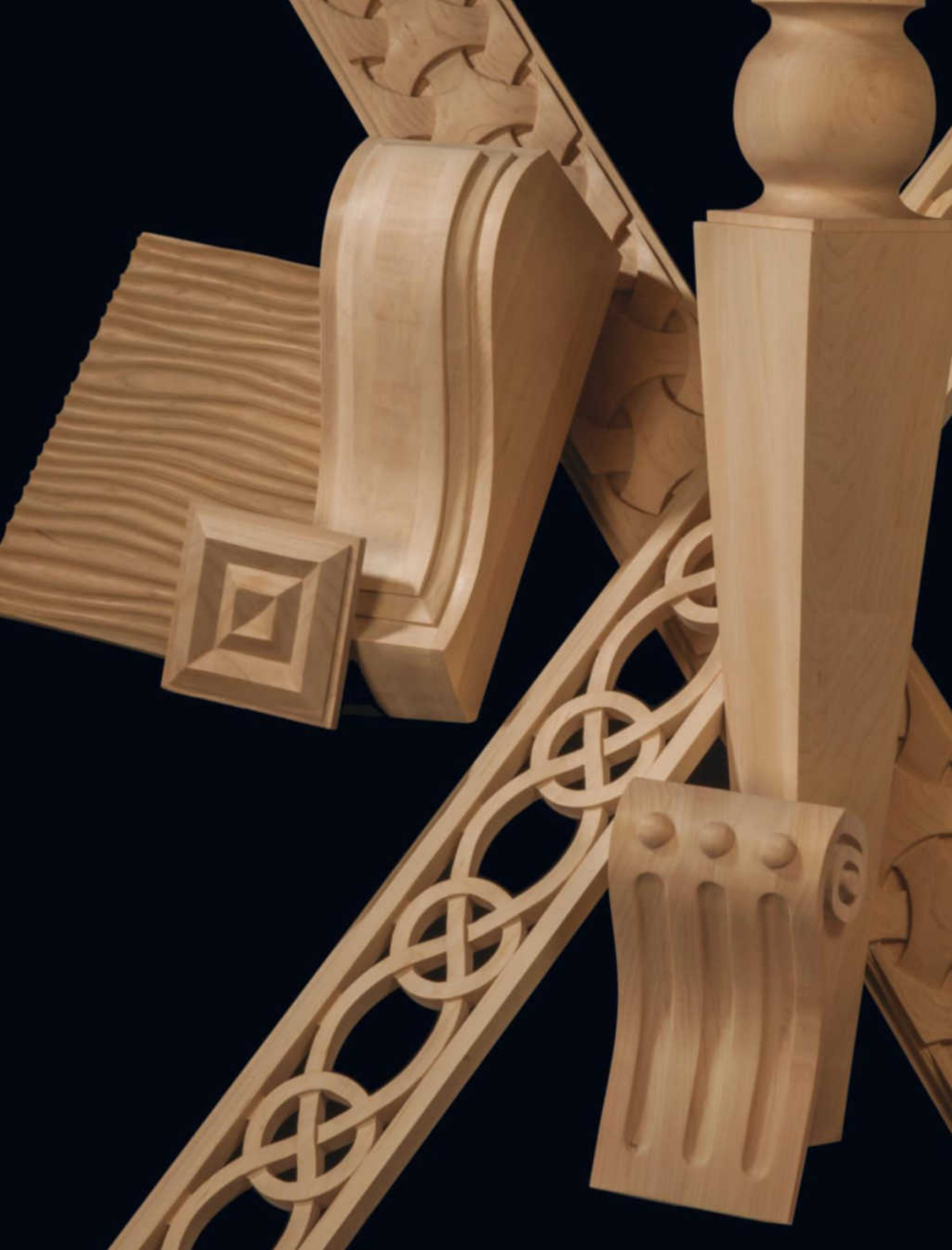
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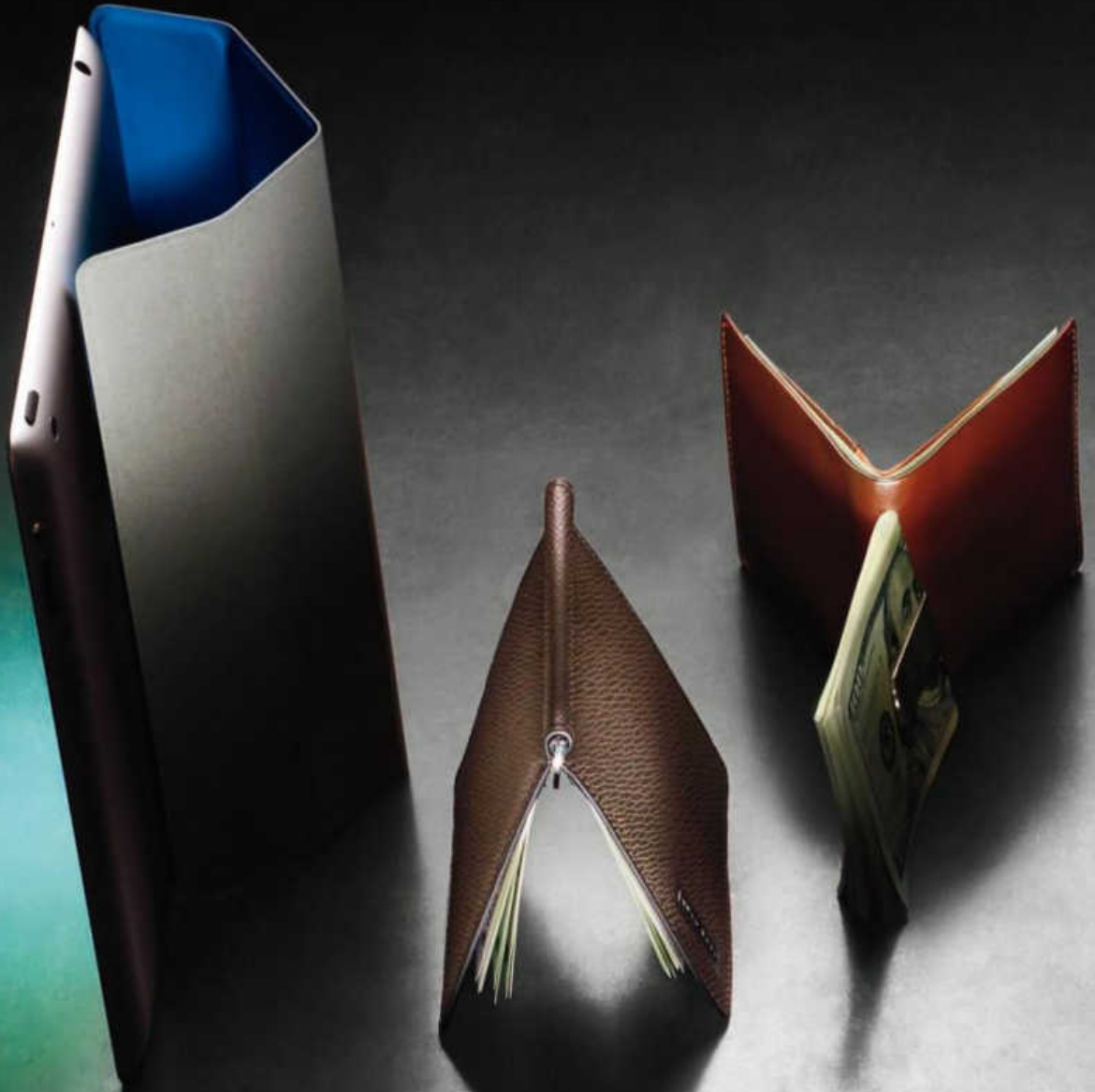
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PLAYS CATCH-UP

THE COMPANY ONCE DOMINATED THE ONLINE-PAYMENT WORLD. BUT FOR YEARS ITS TECHNOLOGY LANGUISHED AS COMPETITORS GAINED GROUND. CAN AN INDEPENDENT **PAYPAL** GET BACK ON TOP? BY LEENA RAO

During the gloomy spring of 2009, few tech companies were under a darker cloud than online auction giant eBay.

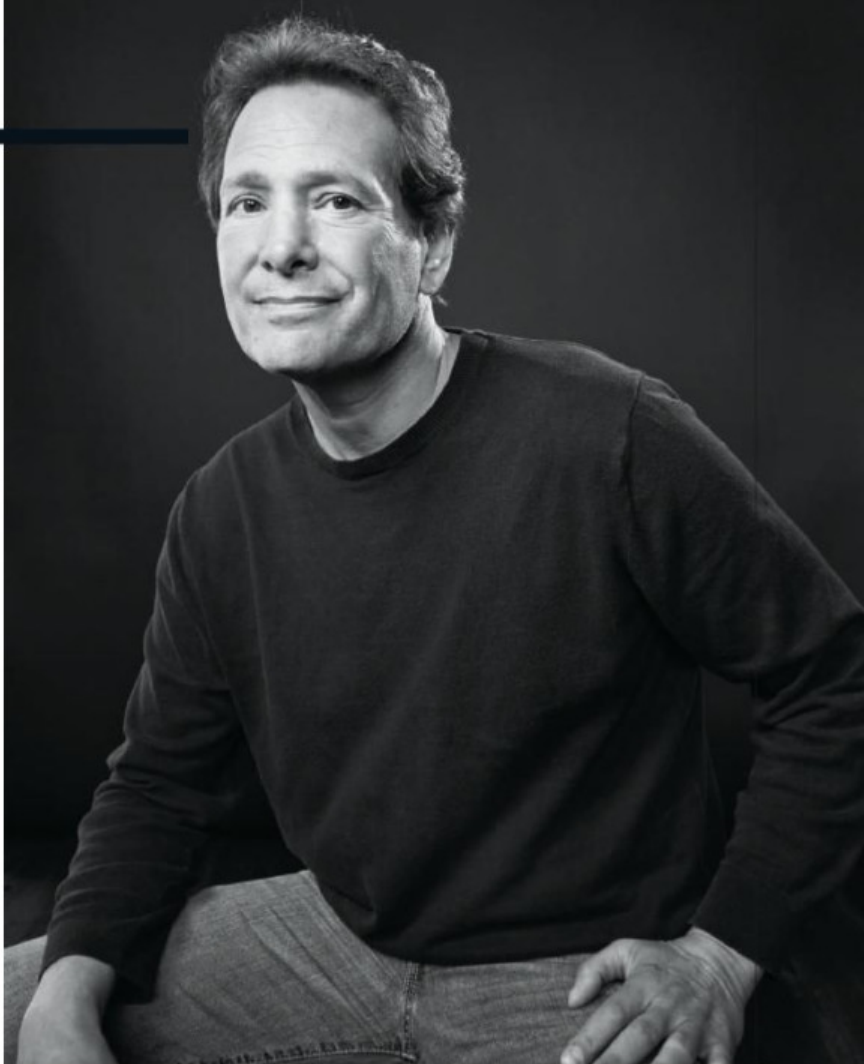
Its online marketplace, one of the breakout Internet businesses of the 1990s, had seen its revenue stall. Competitors like Amazon had cut into its market share, consumers had slashed their spending, and the company's stock was down more than 80% from its 2007 peak.

It made for an ugly plateful of problems for John Donahoe, the former Bain chief who had succeeded Meg Whitman as CEO in 2008. But he and his board had a plan for a turnaround. Two subsidiaries owned by eBay had great potential but were never a great fit with its core business: Internet calling service Skype and online-payment pioneer PayPal. Spinning them off would raise some welcome cash while freeing eBay to focus on its auctions and retail sales. Early in 2009, the board voted to divest itself of both units. "It was almost a done deal," Donahoe recently told *Fortune*.

The key word here is *almost*.

On April 14, the company announced its plan to let Skype go. But even as the news went out, Donahoe was having second thoughts about PayPal. Apple had just disclosed that its App Store had crossed the 1-billion-download mark. And thanks to the soaring popularity of the iPhone, tech executives were urgently pondering the potential of the smartphone as a tool for commerce. PayPal, meanwhile, was the world's only major digital-payment brand; it already had 70 million users, and payment volume was growing 20% annually.

The more Donahoe pondered, the more foolish a spin-off seemed. "Mobile was exploding," he recalls, and "there were obvious synergies between eBay and PayPal." Canvassing board members, he found that their feet were as cold as his. Sentiment turned to action: In July, at a retreat at the Rosewood Sand Hill, the resort in Menlo



TEAM BUILDER
DAN SCHULMAN, PAYPAL'S FIRST POST-SPLIT CEO, HAS BEEN AGGRESSIVE ABOUT ACQUISITIONS—BUT GIVES NEW SUBSIDIARIES PLENTY OF AUTONOMY.

Park, Calif., where Silicon Valley's elite swap gossip over Cobb salad, the board rescinded its decision on PayPal, choosing long-term potential over a short-term fix.

THAT POTENTIAL went unfulfilled. The spin-off that wasn't has never been reported until now. But in hindsight, the decision cost PayPal six years of freedom and changed the history of the digital-payment industry. Insiders and analysts agree that eBay never took sufficient advantage of PayPal's "first mover" status by branching out or innovating; instead, it lost valuable time while rivals established themselves. That delay cost PayPal a chance to dominate the digital side of the \$900 billion payment-processing industry the way that Facebook dominates social media and Google dominates search. Keith Rabois, an early PayPal employee who's now a venture capitalist, puts

it succinctly. The eBay years, he says, were PayPal's "lost decade."

The irony, of course, is that eBay eventually *did* spin off PayPal. The company became independent in July 2015, and it makes its debut on the *Fortune* 500 this year. And make no mistake: PayPal is big. The company, whose "virtual wallet" lets consumers make online payments connected to their debit and credit cards, has 184 million active users and serves 14 million merchants. In 2015 it processed \$278 billion in payments, generating \$9.2 billion in revenue.

But most of that revenue comes from website commerce—from the familiar checkout-button interface that feels almost quaint in a mobile era. On other fronts, PayPal has fallen behind, says Sucharita Mulpuru, an e-commerce analyst at Forrester Research. Square has captured the in-store payment market for small merchants. Entrenched credit card giants are muscling into the digital-payment turf. Want to tap your phone to a cash register to pay for an item? It's a piece of cake with Apple Pay or Google's Android Pay in the U.S., but PayPal has only a limited pilot for such payments, in Europe. "When I look at PayPal, I don't see a company as innovative as Amazon or Google," says Mulpuru.

It falls to PayPal's first post-spin-off CEO, Dan Schulman, 58, to change that. "I want consumers to use PayPal not just twice a month but twice a week and then from there, every day," says the effusive New Jersey native, a Richard Branson protégé and former American Express exec who favors cowboy boots and jeans. He's sprinting to make that a reality: In less than two years, PayPal has acquired valuable new technology while building on promising holdovers from the eBay years, like Venmo, a peer-to-peer payment app popular with millennials.

The big question is whether PayPal can make up for lost time and compete in an increasingly cutthroat digital-payment world—or join companies like AOL and Yahoo in the ranks of Internet 1.0 afterthoughts. As Brendan Miller, an analyst at Forrester Research, puts it, "PayPal's biggest challenge right now is shaking off its past."

BEFORE TESLA, SPACEX, and LinkedIn, there was PayPal. The company, whose founders and early employees included Elon Musk, Peter Thiel, and Reid Hoffman, created the first reliable way for people to send money to each other digitally. PayPal survived the dotcom wipeout, accumulated 16 million users, and went public in 2002. Just a few months later, it was acquired by eBay for \$1.5 billion.

PayPal's culture favored geeky mathematicians and computer scientists who made decisions quickly and then wrote code into the wee hours of the morning. But eBay's approach, veterans of the era say, was more bureaucratic, and new ideas took what seemed like ages to be approved. Most of the innovative leaders known as the "PayPal mafia" left the company. Rabois opines, "The right culture with the right acquirer—people would have stayed."

It's understandable that eBay didn't feel the need to reinvent PayPal. Owning the service enabled eBay to be paid twice for every auction: once for its own cut of the sale and once for PayPal's transaction fee. PayPal grew from being the payment method for 40% of eBay's auctions in 2002 to 90% by 2005, and it grew at a healthy rate. But what it missed was the early days of powering payments through mobile phones—an opportunity that was inspiring upstarts like Stripe, Square, and Braintree.

By 2009, eBay executives had realized that PayPal was late to the mobile game, and after they reversed course on the spin-off, they sought ways to catch up. PayPal got a crucial "acqui-hire" in 2011, when eBay acquired Zong, a startup focused on mobile payments, for \$240 million. Zong founder David Marcus, an entrepreneur who had founded several mobile-focused companies, became the president of PayPal. He quickly launched a Square competitor called PayPal Here, providing small businesses with credit card readers that attached to mobile phones and iPads. He overhauled PayPal's website. And his crowning achievement, in 2013, was the acquisition of Braintree, a Chicago company that processed online and mobile payments for hot startups, including Airbnb and Uber. Better still, Braintree owned Venmo, the person-to-person app.

With the Braintree buy, PayPal went from having virtually no presence in mobile commerce to being affiliated with some of its fastest-growing brands. "This was a major turning point," says James Cakmak, an Internet equity research analyst at Monness Crespi Hardt. And its impact showed quickly. In 2014, Braintree processed \$23 billion in payments; the following year, that figure more than doubled, to \$50 billion.

Results like those fueled another trend: PayPal was growing noticeably faster than its parent. In 2013, PayPal revenue jumped 19%, to \$6.6 billion, while eBay's marketplace sales rose only 12%, to \$8.3 billion. Investors chafed, and in January 2014, activist Carl Icahn called for a PayPal spin-off, raising arguments that the board had considered five years earlier—PayPal would fare better independently, and eBay could use cash from a spin-off to shore itself up. In June the decision eBay could have made in 2009 was finalized; the board voted to separate the two companies.

Donahoe's next task was to find a CEO for an independent PayPal. Marcus made the short list, but in August 2014 he left to become head of Facebook Messenger. A headhunter brought Dan Schulman's name to Donahoe, and Schulman invited Donahoe to his vacation home in the Berkshires. Donahoe arrived at the tiny Pittsfield, Mass., airstrip on an August afternoon and spent the day with Schulman, walking amid the greenery and brainstorming what PayPal should look like post-split. On his way back to the airport, Donahoe called the board and told them he had found their next CEO.

IN A SUN-FILLED room in PayPal's Washington, D.C., office, Schulman sketches out his vision for the company. On this day he has ditched his cowboy boots in favor of penny loafers (though he's still wearing jeans); he has just finished meeting with Secretary of State John Kerry and World Bank president Jim Yong Kim to advise them on bringing payment technologies to developing countries. Schulman explains that PayPal should be offering services for every type of mobile transaction, whether it's reimbursing a friend for dinner, paying for a sandwich at Subway, or buying toilet paper online. PayPal's customers include both the merchant and the shopper—both of whom need help navigating a payment-technology scene that seems to change daily. "It's a complicated chessboard," he says.

PayPal is no pawn, but it's not the queen, either. Figuring out exactly where it stands is tricky because many of its competitors, including Apple and Google, don't break out customer or revenue figures for payment services. No one can match PayPal's 184 million users yet, but the fact that few are using it in mobile is PayPal's biggest weakness. Global mobile payments are expected to reach \$1.2 trillion in 2018, according to Transparency Market Research. Cakmak, the analyst, thinks mobile payments could generate \$10 billion a year in revenue for PayPal—more than double its total revenue in 2015.

PILLARS OF A NEW PAYPAL

PayPal is still dominant in website-based e-commerce, but its future may hinge on services like these:

► **PROCESSING**
In 2013, PayPal bought **Braintree**, which processed \$50 billion worth of mobile and digital payments last year for the likes of Airbnb, Uber, and StubHub.
COMPETITORS: STRIPE, AYDEN, CHASE PAYMENTECH

► **REMITTANCES**
The money-transfer app **Xoom**, which PayPal bought in 2015, lets people in the U.S. send money easily to family members and others in 53 countries.
COMPETITORS: WESTERN UNION, RIA FINANCIAL

► **PEER-TO-PEER**
If a millennial has recently urged you to **Venmo** her some money, you've been interacting with the PayPal empire. Venmo, which PayPal obtained in the Braintree acquisition, lets users send money quickly to each other; PayPal is extending the service into consumer-to-merchant payments.
COMPETITORS: SQUARE CASH, FACEBOOK MESSENGER, GOOGLE WALLET

► **CREDIT LINES**
PayPal Credit lets shoppers postpone payment and carry a balance, interest-free; after six months, a 19% interest rate kicks in.
COMPETITORS: MASTERCARD, VISA, AMERICAN EXPRESS, AFFIRM

To capture that revenue, PayPal will have to stand out in a tough crowd. Apple launched Apple Pay in 2014. It's now accepted by more than 2 million retailers and works as a payment service within other companies' apps. According to researcher Crone Consulting, Apple Pay has 12 million monthly users; Apple won't confirm that figure but says it's adding millions of users each month. Google's Android Pay is also rapidly ramping up. Steve Weinstein, an analyst at ITG Investment Research, notes that Apple and Google share a major advantage over PayPal: Each controls an operating system (iOS and Android, respectively) that enables it to integrate payment services seamlessly into phones.

On the merchant side, Braintree has helped PayPal stay competitive in payment processing. But the company lags in stores. Square brought in \$1.2 billion in revenue in 2015 from its in-store payment service. PayPal's in-store tech, by contrast, is embryonic, and Alex Rampell, a former Visa executive turned venture capitalist at Andreessen Horowitz, says PayPal is too late to catch up to the early movers.

Silicon Valley isn't the only place where PayPal faces powerful foes. Credit card giants like Visa, MasterCard, and American Express are frenemies, at best. Although much of PayPal's business involves helping consumers buy things with their cards, these financial institutions—all of which generate plenty of revenue to plow into digital development—have launched competitors to PayPal's core business (Visa Checkout, MasterPass, and AmEx Express Checkout, respectively). The biggest of those, Visa Checkout, is being used by 250,000 merchants.

Schulman's vision involves competing on all these fronts simultaneously. Job No. 1 for his administration was separating PayPal's technology from eBay's. CTO Sri Shivananda has rebuilt PayPal's payment infrastructure, and he now oversees this empire from a new command center that looks like the bridge from a *Star Trek* set, where dozens of screens spreading across



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Schulman hopes to boost that number by expanding PayPal's presence at the brick-and-mortar cash register. In March 2015, PayPal acquired payment startup Paydiant for \$280 million. Paydiant technology is "white label," operating behind the scenes for other brands. Retailers and banks use it to add payment capability, loyalty programs, and digital coupons to their own apps. For example, Paydiant's tech enables Subway customers to order and pay for a sandwich from the app and skip the line to pick it up.

PayPal subsidiaries like Paydiant and Braintree operate independently, keeping their offices, names, and leadership while under the PayPal umbrella. Schulman believes this helps them innovate more quickly—a far cry from the eBay days. As an example, he points to Braintree, where Bill Ready, who was Braintree's CEO when it was acquired, still oversees the division. Last year Ready launched One Touch, which lets PayPal users avoid having to log in multiple times from the same device. By this April, One Touch had more than 22 million users, making it PayPal's fastest-growing business in terms of user adoption.

Growing almost as fast is Venmo, an app that lets users send money to each other instantly. The app handled \$7.5 billion in transactions in 2015, and in January 2016, it had its first \$1 billion month. Venmo (and other apps like it, such as Square Cash and Google Wallet) don't generate much revenue. But Venmo may break that pattern. PayPal execs say Venmo customers are unusually loyal (they typically use the service three or four times a week) as well as social (a popular Venmo feature lets users share payment histories with friends). Schulman believes merchants eager to reach this engaged audience will gladly pay for the right to offer Venmo as a payment option. That in turn might help make Venmo the killer in-store app PayPal has lacked, says Weinstein of ITG.

And just in case consumers tire of banks and credit card issuers altogether, PayPal has

FLASH POINTS IN THE PAYMENT WARS

In the wake of changes in technology and consumer habits, digital payments have become a new battleground where banks and Silicon Valley vie for market share and customer loyalty. Here are some of the fastest-changing parts of the landscape.

MOBILE WALLET

PayPal created the first digital wallet, allowing consumers to upload credit or debit card data to make payments online. The migration to smartphones made that digital wallet portable, giving an edge to competitors who make phones and their operating systems. [Think Apple Pay, Android Pay, and Samsung Pay.] Now tech companies and banks strive to make these payments "hands free" so customers can simply wave a smartphone [or smartwatch] in front of a wireless reader at the cash register.

PEER-TO-PEER

Want to pay your babysitter without carrying a wad of cash? Or split a dinner check without making your server run eight credit cards? Peer-to-peer systems let people send money to each other via text or email, using apps linked to bank or card accounts. PayPal's Venmo leads the field, but Square Cash and Google Wallet are robust challengers, and Apple is reportedly considering joining the fray. And keep an eye on Facebook Messenger, which could leverage the social network's ubiquity to gain ground fast.

BLOCKCHAIN

Digital options have led some consumers to question whether they need banks at all. Blockchain technology lets users make secure financial transactions across a network of computers, with no need for a central authority like a bank. Bitcoin is the best known of the cryptocurrencies that rely on blockchain, and the number of merchants using it is small but growing. Key players are Bitcoin exchange Coinbase, Bitcoin wallet Xapo [whose founder is a PayPal board member], and payment app Circle.

taken its first steps toward embracing blockchain cryptocurrency technology. The firm has updated Braintree to allow merchants to use it to accept Bitcoin payments. And in January, PayPal appointed entrepreneur Wences Casares, who created Bitcoin wallet Xapo, to its board.

WALK THROUGH SAN FRANCISCO'S Mission District, and you may stumble upon an unfamiliar economic ecosystem: the world of the money transfer. On one thoroughfare, you can pass three money-transfer outlets within three blocks of one another. On a recent Friday, one has lines flowing out the door; inside, Spanish is the dominant language exchanged at the cashier stations' bulletproof windows. It's payday, and the store is packed with workers sending money to families in their home countries.

Last July, PayPal paid \$890 million to buy money-transfer service Xoom, which moves such transactions out of the physical store and on to the mobile screen. Xoom's app lets users transfer money to 53 countries, designating the recipient and specifying whether the payment should go to a bank account or involve a cash pickup or delivery. The app can't help unbanked senders—users must link transactions to a bank or credit card account—but it's safer and cheaper than using a money-transfer office. And while the recipient may have to wait, the sender never does.

Just as important, Xoom lets PayPal plant a flag in yet another corner of the financial world. If PayPal lives up to Schulman's vision, this breadth will compensate for the lack of innovation during its lost decade. "We think about reimagining the movement of money for the entire world," Schulman says. "We used to be a button on a website, but we aspire to be so much more." **■**

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500

HORMEL: COMPANY PROFILE

REVENUES

\$9.3 BILLION

PROFITS

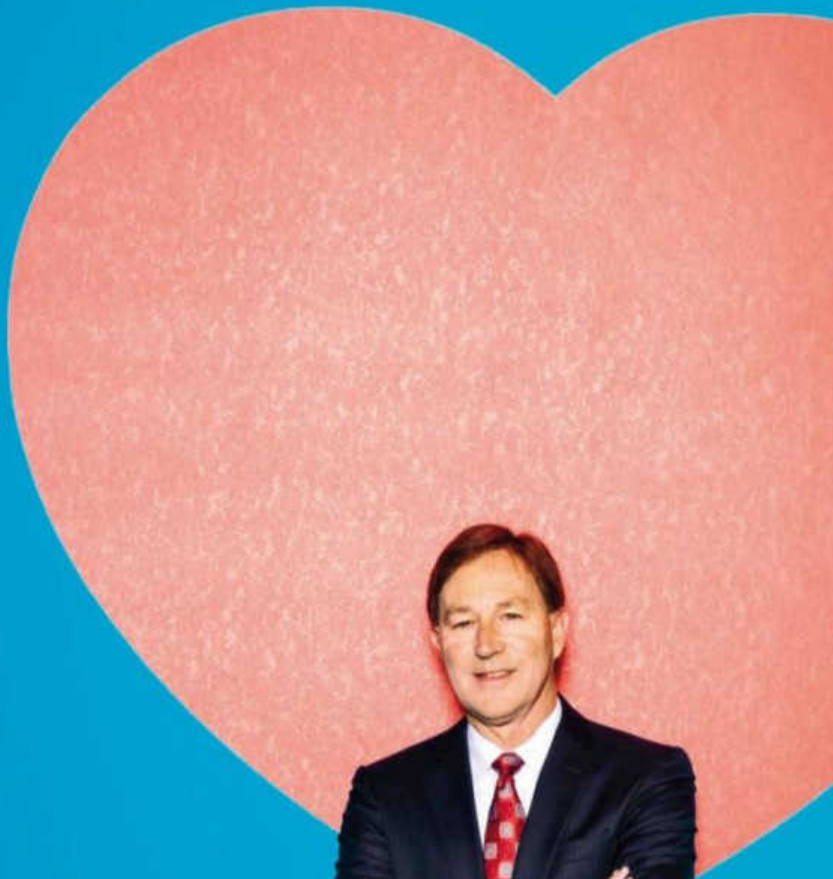
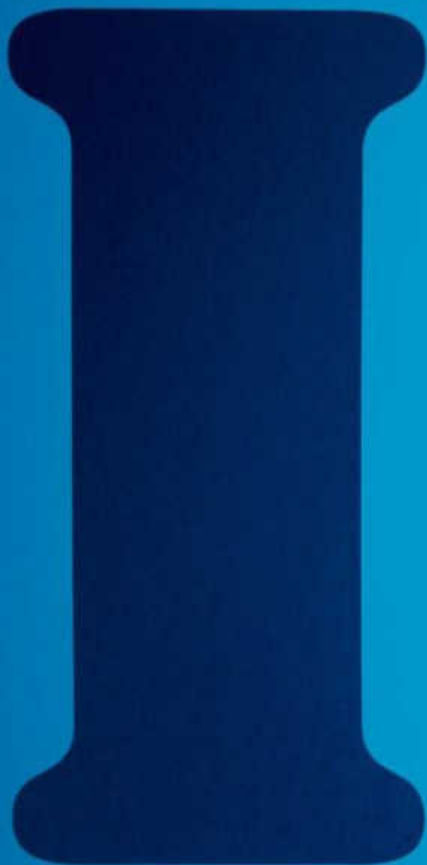
\$686 MILLION

EMPLOYEES

20,700

TOTAL RETURN TO SHAREHOLDERS
(2005-2015 ANNUAL RATE)

19.2%



HORMEL'S NEW RECIPE FOR SUCCESS

PHOTOGRAPH BY ACKERMAN + GRUBER

RANK **304**

CAN-DO EXECUTIVE
HORMEL CEO JEFF ETTINGER
INSIDE THE NEWLY OPENED SPAM
MUSEUM NEAR THE COMPANY'S
HEADQUARTERS IN AUSTIN, MINN.



As it celebrates its 125th birthday, the old-school maker of processed meats is riding a wave of growth driven by product innovation and boldly moving into the world of organic food and healthy snacks. BY KEN OTTERBOURG



The cornfields come right up to the edge of Austin, Minn., which is the hometown of Hormel Foods and one of just a handful of small places left in America that a very big company still calls home. Nearly everything in Austin owes its existence to Hormel. They are bound together, and mostly at ease with their isolation and the fact that much of what people take for granted in the rest of the country has either not yet arrived or has already left. There are no Uber drivers. No Starbucks and no Toyota dealer. The Target closed last year. Staples, the year before. The only Airbnb option is a fifth-wheel trailer.



SMOOTH OPERATOR JARS OF SKIPPY PEANUT BUTTER ROLL DOWN THE LINE AT A FACTORY IN LITTLE ROCK. HORMEL BOUGHT SKIPPY IN 2013. SINCE THE END OF 2013, THE NO. 2 PEANUT BUTTER BRAND'S U.S. MARKET SHARE HAS GROWN FROM 16.6% TO 18.6%.

Hormel's best-known product is Spam. It's easy to joke about a company built on meat that comes in a can, but it turns out that Hormel is having the last laugh. For the past 10 years, it has been on a tear. Revenue has increased from \$5.4 billion to \$9.3 billion, boosting its ranking in the *Fortune* 500 by nearly 100 spots, to No. 304 this year. Earnings have more than doubled, the dividend has almost quadrupled, and the stock has returned roughly 400%. The growth has

been fueled by a flood of new products: everything from peanut-butter snacks to single-serve turkey sticks to a food-service burger made with chicken, quinoa, and, yes, kale. All were developed in Austin—proof that innovation is defined by people, not zip codes.

But Hormel's success is also a story of acquisition and the persistent colonization of new food worlds. In the past five years, the old-school meat producer has paid more than \$2.3 billion to acquire a portfolio of brands that sell organic food, ethnic food, and health(ier) food. They include Wholly Guacamole, Muscle Milk, Skippy peanut butter, and Applegate Farms. In May it agreed to buy Justin's, the ultrahip nut-butter company, for \$286 million.

There's no tofu Spam on the horizon (phew!), but Hormel is rolling out a pea-based protein shake and experimenting with the online sale of bespoke hams. Not to worry, the mainstream processed meats that add so much to Hormel's bottom line—and our waistslines—aren't going away. So what we're witnessing is a company in full embrace of the cognitive dissonance of our collective diets, where we eat like a vegan at lunch and snack like a carnivore on the drive home. It is a familiar story across Big Food, as companies invest in the eating habits of the emerging America—one that is more diverse, more pressed for time, and more concerned about ingredients and the ethics of food production. By that narrative, it's not that Hormel has a better recipe than its peers. But it may have better cooks.

HORMEL TURNS 125 THIS YEAR. And it is by nature an incremental company—a place of evolutionary rather than revolutionary change. In this context, many of its recent deals seem more like sensible experiments than strategic shifts. But if there were any questions about Hormel's direction and its appetite, they were answered two years ago. Hillshire Farms was on the market. On paper, the two companies were a nice fit, with Hillshire's strength in deli, sausage, and hot dogs complementing Hormel's clout in bacon, turkey, and grocery. Hormel, however, didn't bite.

Why pass? Price was a factor. (Tyson Foods ended up buying Hillshire for \$7.7 billion.) But there was something else as well. Jeff Ettinger, Hormel's direct and self-effacing chairman and CEO, says the company's reluctance to move on the deal underscored a critical pivot in thinking: Hillshire was just more of the same. "We felt that Hillshire was a mainstream processed-meat company," he says. "We really preferred to put our bets on some of those newer spaces."

Applegate Farms fit that bill. Its vision is to "Change the Meat We Eat," and it's not always clear if Applegate is a meat company that advocates agricultural issues or an NGO that happens to sell cold cuts. Since its founding in 1987, it has built a passionate following among consumers willing to pay extra for an all-natural hot dog. Stephen McDonnell, Applegate's founder, is still a leading voice challenging the livestock industry's default use of antibiotics and a supporter of greater labeling of GMO ingredients. Hormel

remains on opposite sides of these issues.

McDonnell, who is now 61, suffered a stroke in December 2013, and by March of the next year he had retained Goldman Sachs to help him sell the company. McDonnell, who has never before spoken publicly about the process, says he and the team from Goldman interviewed representatives from nearly every major meat company in the world. There was lots of interest.

Hormel gained the inside track through a decidedly Midwestern, old-fashioned approach. “Jeff reached out directly on his own,” recounts McDonnell. “And he was the only one that did this, and he said, ‘Could we have dinner?’”

They met in New York City, at Maialino, part of Danny Meyer’s restaurant empire. There was no real business talk, just conversation about values and vision. But for McDonnell, it sealed the deal. “I said from the beginning that I was going to look into somebody’s eyes, and I was going to trust them, and Jeff was that guy.”

EXPANDING ITS MENU

In the past five years, Hormel has made a series of acquisitions that move beyond its processed-meat heritage. — K.D.

The Applegate deal was announced on May 26, 2015, with Hormel paying \$774 million for a company with roughly \$340 million in sales. Unlike Hormel, Applegate owns no farms or processing plants. From bird to nugget, it’s all done through third parties. What the company did have was a groovy office in Bridgewater, N.J., filled with designer chairs, folk art, and a bunch of employees who had some serious concerns about what the new owners—referred to tongue in cheek as “Hormellians”—would demand.

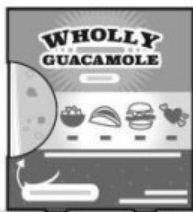
Gina Asoudegan is the senior director of mission at Applegate, charged with working with environmental and animal-welfare groups across a wide range of issues. “It was hard for me in the beginning to believe that Hormel, the makers of Spam, would somehow be okay with the mission and the things that I want this company to do in terms of raising the bar on animal welfare and things like that,” she says. “I wrestled with that. I’m not going to lie.”

But she said she came around after a trip to Austin. She heard the meat managers at Hormel talk about the need to clean up labels and remove ingredients to better reach millennials. What she realized was that it didn’t have to be about Applegate selling out. Maybe Hormel was buying in, and moving—albeit slowly—toward a different, perhaps more enlightened, model of food production.

Not surprisingly, all this corporate kumbaya is at times met with a side order of skepticism. Applegate’s social media team still spends lots of time assuring customers that nothing has changed and that Applegate operates independently. That’s not quite true, of course, although company officials insist that Applegate is actually trying to be more assertive on food-production issues because the competition in the organic-meat business has gotten stiffer, and the company’s activism is a core attribute of the brand.

FRESHERIZED FOODS

Year: 2011
Price: Undisclosed
Hormel bought the maker of Wholly Guacamole and Wholly Salsa through its MegaMex 50/50 joint venture with Mexico City-based Herdez del Fuerte. In filings, Hormel said it invested \$61 million as its share.



SKIPPY PEANUT BUTTER

Year: 2013
Price: \$707 million
The No. 2 peanut butter brand was bought from Unilever in two separate deals. [The business unit in China was sold separately.] Under Hormel, Skippy has developed new products like its P.B. Bites snackables.



CYTOSPORT

Year: 2014
Price: \$420 million
Founded by the father-and-son team of Greg and Michael Pickett in 1998, the Benicia, Calif., company makes Muscle Milk protein-supplement powders and bodybuilding beverages that are favorites among workout-aholics.



APPLEGATE FARMS

Year: 2015
Price: \$774 million
The New Jersey organic and natural meat company with a vision to “Change the Meat We Eat” opposes overuse of livestock antibiotics and advocates better GMO labeling—putting it in opposition to its new parent.



JUSTIN’S

Year: 2016
Price: \$286 million
Hormel paid nearly three times sales for its most recent acquisition, the ultrahip, Boulder-based maker of “naturally delicious” nut butters and healthy snacks founded by vegetarian entrepreneur Justin Gold in 2004.



MIDSIZE COMPANIES that make healthy food are prime targets for acquisition by the majors. “The ‘better for you’ category is a high-velocity area in terms of deals,” says Rodney Clark, a founder with the M&A firm Aspect Consumer Partners. “It’s driven by corporate competition. Underpinning it all is that consumers have gotten smarter and are looking at labels. For the companies with the older, more traditional, less healthy brands, the question is, How do we continue to connect with consumers? It’s hard for them to disrupt themselves.”

Justin’s has revenues of less than \$100 million. The steep price Hormel is paying—nearly three times sales—reflects the strong growth in the specialty-nut category and also the challenges Hormel would have faced building its own business off the Skippy’s franchise.

The food business is incredibly transparent. The market-research companies can slice and dice checkout data, so it’s hard for a boutique company to fly under the radar. Prices for deals have increased in recent years, as private equity also chases those businesses. Hormel’s pitch is based not just on dollars upfront but also on showing respect for the owners and a promise to grow the acquired company after the ink dries.

Justin Gold, the founder and majority owner of Justin’s, said that Hormel’s team approached him late last year. One of the first things he did was to reach out to McDonnell and the owners of Muscle Milk about their experiences under Hormel. In both deals, the existing management and headquarters were largely kept intact. And neither brand carries any labeling acknowledging Hormel’s ownership.

“These guys have a credibility for doing what they say they are going to do,” says Gold. “The founders are very happy with the way that Hormel has grown their business.”

“

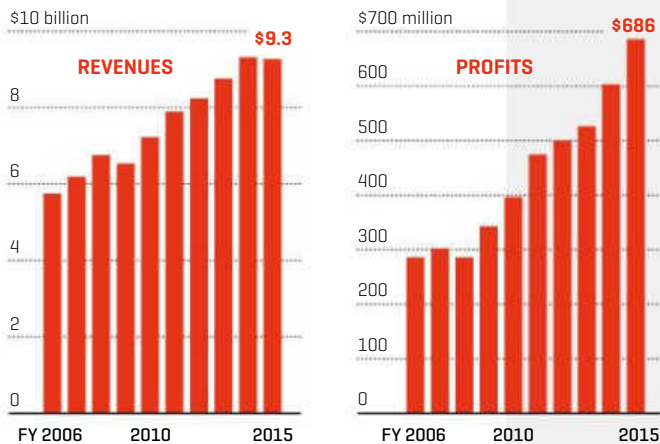
WE’RE NOT AS POOR OR AS OLD AS PEOPLE THINK WE ARE,” SAYS A HORMEL EXEC ABOUT THE STILL-ROBUST MARKET FOR SPAM.

AT HORMEL’S LOW-SLUNG corporate offices next to the rumble of Interstate 90, the receptionist shows up before 6 a.m. Most employees are there by 7, a nod to the company’s meatpacking roots. Hormel’s leadership team averages 26 years with the company. It is overwhelmingly white and male—far less diverse than the company’s overall workforce, its board of directors, or its customer base. It’s an issue that Ettinger says he is working on, but one that is made more difficult by Austin’s location and Hormel’s propensity to promote from within.

Ettinger came to Hormel in 1989 as an attorney and then transferred to product management. He started out with canned chili and eventually led Hormel’s Jennie-O turkey business. In 2005 he emerged as CEO, and a few years later the Hormel team ramped up its bolt-on acquisition strategy.

Hormel has five divisions: grocery products, including a joint venture with Herdez del Fuerte that is the largest seller of Mexican food in the U.S.; refrigerated meats, which are nearly half the company; Jennie-O, which has bounced back from the crippling impact of avian influenza last year; specialty foods; and international. Running in the background, primarily in refrigerated meats, is a billion-dollar food-service operation, which provides everything from precooked ribs and the guacamole at Subway to the toppings that go on all those pizzas sold at Casey’s General Stores across rural America. Unlike many of its competitors, Hormel rarely uses food brokers. Its sales force is on the ground, and the insights from customers speed the development of new products, both for retail and the trade.

Take bacon. Americans love it. Many food-service operators hate it. The cleanup after a breakfast shift is a nightmare, and it’s easy for a small distraction during the cooking to lead to an overdone tray. These are what kitchen managers call pain points. So Hormel spent five years creating a machine that churns out fully cooked bacon that can be reheated on-site and has the proper taste and texture—delivering the right amount of chewing delight, known to food scientists as jaw stress. The patent is pending, and it has been an enormous success for institutional customers.



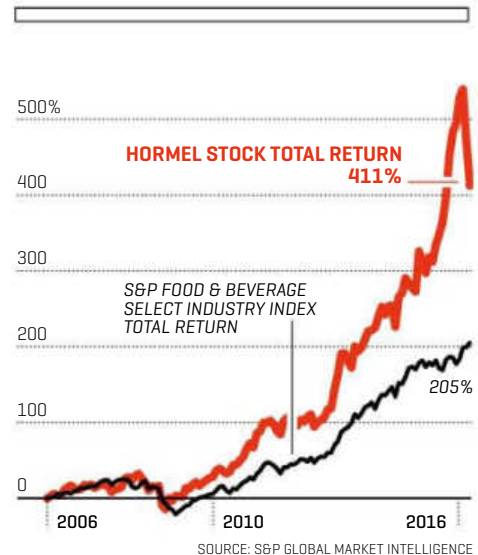
PACKING ON THE PROFITS

Hormel has more than doubled its earnings in the past decade on strong sales growth, and its shareholders have benefited.

And then there is Hormel's entry into the peanut-butter wars. Peanut butter is now a two-jar competition between Skippy and Jif, which is made by J.M. Smucker and has twice Skippy's U.S. market share. (Skippy leads internationally.) Peanut butter is one of those products that are in almost every household. And the brand you grow up with often ends up being the one you grow old with.

Hormel's tactic here hasn't been so much to win the category but rather to change it—finding new uses for peanut butter. Soon after buying Skippy, Ettinger challenged his development team to take the product out of the jar, and to do it quickly. The result? Skippy P.B. Bites, marble-size munchies, launched last year. Its target consumer: boys and girls who arrive home from school "hangry," i.e., so hungry they're angry. Sales are good, but the key takeaway is that nearly half the shoppers who buy the snacks for their kids are Jif loyalists. That said, Skippy's market-share gains are coming mostly at the expense of smaller brands, not Jif. But the Hormellians are hopeful.

For sulky teenagers who have outgrown Oscar Mayer's still mighty Lunchables empire, Hormel has developed REV, which is a piece of meat and a piece of cheese wrapped around flavored flatbread. No condiments. No lettuce or pickles. To say it is dry is an understatement. But that misses the point. It's designed to be eaten



with one hand while the other hand keeps texting. REV, already a \$50 million business, was developed in part from the work of Hormel's in-house anthropologist, Tanya Rodriguez. She visited university campuses and noticed how many students didn't put down the phone even during meals. "The table has become more of an irrelevant symbol, more of an archetype," she says.

THE NEW SPAM MUSEUM opened in April in the heart of downtown Austin. The gift shop notwithstanding, it is less cheesy than you might expect. There was a time not that long ago when Hormel took Spam very seriously—perhaps too seriously. In 1995, for example, it sued Jim Henson Productions over trademark infringement for a boar named "Spa'am" who makes a cameo in the film *Muppet Treasure Island*. Hormel claimed the character's lack of cleanliness reflected poorly on its products. The court sided with Miss Piggy. An appellate judge later wrote, "The district court found no evidence that Spa'am was unhygienic. At worst, he might be described as 'untidy.'"

Nicole Behne is a marketing director in Hormel's grocery products division, in charge of selling Spam, Mary Kitchen Hash, and Dinty Moore stews. None of those products has quite had a

A man and a woman are standing in a clothing store, looking at fabric rolls on a table. The man is sitting on the table, and the woman is standing next to him. They are both looking towards the camera. The store has a rack of clothes in the background and several framed pictures on the wall.

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PBR or Old Spice hipster-revival moment, but Behne is ever the optimist. She's trying to tie Dinty Moore to so-called "lumbersexuals"—young men who wear flannel but don't wield an ax.

The Spam you buy today is made to last for three years. Behne describes it as a shelf-stable and functional product, which sounds more like a paperweight than something you might want to put in your mouth. Spam typically occupies some of the worst real estate at the supermarket. But it is still a brand with estimated sales of \$300 million and one that's growing about 3% each year. "We're not as poor or as old as people think we are," says Behne. Spam's newest line extension is Spam Mezclita, a combination of Spam and processed cheese now sold only in Puerto Rico. A version targeted toward Mexican-Americans didn't catch on and is being discontinued. Ditto for Spam Snacks, dried morsels that came in a pouch.

Overseas, Spam's prospects are stronger. Because of restrictions on the importing of meat products, most foreign Spam sales (upwards of \$500 million) are through licensing agreements. South Koreans consume a staggering \$175 million of Spam each year, much of it in a spicy noodle-and-kimchi dish called Troop Stew, which is a staple across the country.

The great frontier is China. In late 2014 the Chinese government imposed for the second time a ban on Spam imports. Since last spring, the country has been officially Spam-free. That will change at the end of 2016, when Hormel opens up a factory in Jiaying, adding to its existing production of processed meats in China. Unlike the Koreans or the Filipinos, the Chinese aren't Spam-crazy—yet. "The rising middle class is where the opportunity is," said Larry Vorpahl, the president of Hormel Foods International. "Just like everybody else, they need convenience. Precooked and flavored, ready to go—that's the market where disposable income is going to be."



HIGH-SPEED SNACKING
HORMEL DEVELOPED REV, A NEW LINE OF ON-THE-GO MEALS, WITH INPUT FROM ITS HOUSE ANTHROPOLOGIST, WHO NOTICED THAT TODAY'S STUDENTS DON'T PUT DOWN THEIR PHONES DURING MEALS.

HORMEL'S FLAGSHIP FACTORY, where it makes much of its Spam, sits halfway between the company headquarters and the new museum. Last year, Hormel found itself in an unflattering spotlight when workers at the contract slaughterhouse inside the factory were filmed hitting animals with paddles, among other apparent violations. The USDA issued no fine, but the incident underscores an important point. Despite all the branding and clever marketing, Hormel is at its core a company that starts with animals entering through one door and meat leaving through another. It is often hard and demanding work, built around processing 1,300 hogs an hour. In 2007 the complex came under scrutiny after public-health investigators identified a cluster of neurological disease among employees who worked on or near the brain-harvesting station.

Richard Morgan is the president of Local 9 of the United Food and Commercial Workers Union in Austin, representing 1,500 Hormel employees and another 1,000 at Quality Pork Processors, the subcontractor on the slaughter side of the sprawling factory that was brought in on the heels of a protracted and at-times violent

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strike in 1985 that made national headlines.

“These are the toughest jobs in the world,” Morgan says. The union signed a new five-year contract with Hormel last year after taking two strike authorization votes. It is the best contract Morgan can recall, and yet hourly wages increased only 2%, from \$16.90 to \$17.30. That’s one indication of Hormel’s drive to squeeze costs, boost profits, and achieve its goals of 10% earnings growth on 5% revenue growth. Another indication: its fight to avoid paying workers for their time putting on protective clothing at a factory in Wisconsin. (The state’s supreme court sided with the workers.)

Morgan has other long-term worries. He’s concerned about where the next generation of meatpacking employees is going to come from. His new members are mostly immigrants—from Latin America, Asia, and Africa—who are for now willing to endure the pace, the stress, and the cold

of the packinghouse. Hormel pushes hard, says Morgan, but he also recognizes it as better than its peers. It’s a stable company that has few layoffs. And there is still a profit-sharing program that, come the holidays, can mean several hundred dollars in a worker’s paycheck.

HORMEL’S STABILITY is not simply because people today reliably eat bacon and chili, or because tomorrow they’re going to switch to almond butter and microwavable vegetarian meals. It’s more fundamental than that. Just under 49% of Hormel’s stock, worth around \$9 billion at current prices, is controlled by the Austin-based Hormel Foundation, located in the basement of a squat office building kitty-corner from the museum. The foundation owns 5% outright—and gets that stake’s \$16 million in dividends—but it also votes the shares of trusts established for the grandsons of George Hormel. Eventually, all those shares and their dividends will revert to the foundation.

Ettinger sits on the foundation’s board, and he says the arrangement protects Hormel and lets it manage for the long term. Activist investors don’t bother with the company because there’s not a plausible endgame. He’s quick to add that activists also tend not to



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both companies that are performing well.

Jon Feeney, an analyst with Athlos Research, puts it this way: “Jeff Ettinger doesn’t lose sleep over whether some bigger company is going to outmaneuver him and buy him—and that’s by design, and it’s a fundamentally correct way to do business.”

According to its most recent tax return, the foundation gave away more than \$22 million in 2014 to local groups, principally the City of Austin and its public schools, the local community college, and the Hormel Institute, an affiliate of the University of Minnesota that is a leader in cancer research. Its most recent expansion includes a \$5 million microscope with near-atomic resolution.

“Oh, my gosh,” says Bonnie Rietz, a former mayor of Austin who is the foundation’s vice chair. “We are so lucky to have this. It’s an amazing setup.” She says the foundation’s resources have kept the

schools well-funded, paid for college scholarships, and poured millions into the institute. The latest project is working with a developer on an apartment complex for the institute’s expected wave of new researchers, encouraging them to live in Austin rather than Rochester, some 40 miles away.

Hormel’s early starting times discourage that commute. Instead, nearly all of the company’s top executives are huddled in the same neighborhood of split-levels on Austin’s west side. Their kids go to the same schools as the kids whose parents work in the factory, and they often pray at the same churches. Two months ago, Ettinger and Jim Snee, Hormel’s president and Ettinger’s heir apparent, worked the check-in table at a dinner before Austin High’s prom. Each has a senior at the school.

All of this can sound bit hokey, but perhaps that’s just the cynicism from the coasts talking. “When it’s all said and done, Austin and Hormel are inextricably linked,” says Snee. “You really get to know each other beyond just the workplace. For me personally, I think there is incredible value in that. You know who the individuals are, you know how they work, and you know what it takes to get things done.”

And even in such a small town, that kind of thinking can sometimes lead to big results. **■**



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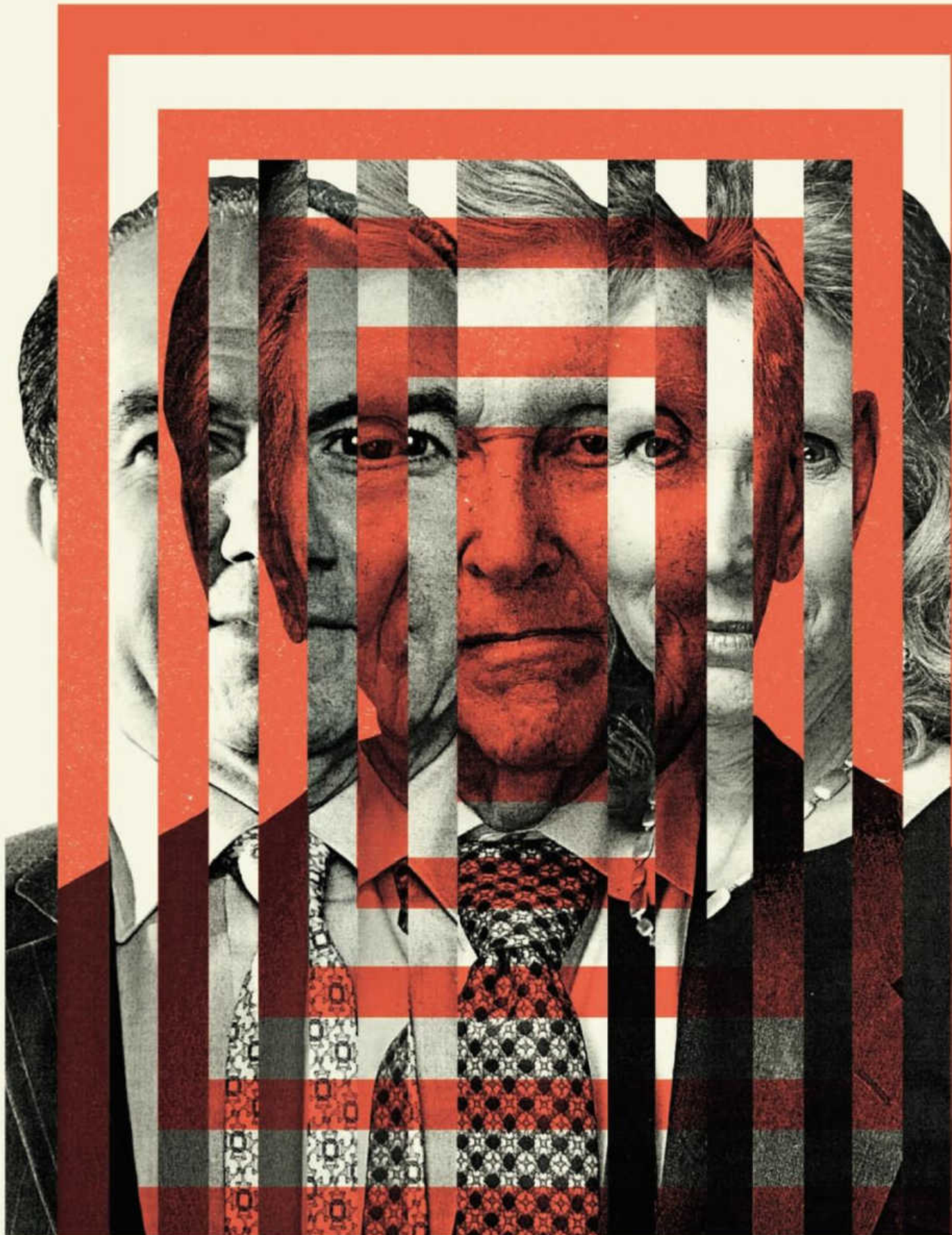
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VIACOM : 2015 COMPANY PROFILE

| REVENUES | PROFITS | EMPLOYEES | TOTAL RETURN TO SHAREHOLDERS (2005-2015 ANNUAL RATE) |
|----------------|---------------|-----------|---|
| \$13.3 BILLION | \$1.9 BILLION | 9,445 | 1.1% |

RANK **213**

THE FRACTIOUS BATTLE FOR VIACOM

CEO Philippe Dauman survived for a decade in the face of weak performance by adroitly managing the company's controlling shareholder, Sumner Redstone. Now the aging mentor has turned against his protégé, and Dauman's days are surely numbered.

BY **PETER ELKIND**
WITH **MARTY JONES**

ILLUSTRATION BY MIKE MCQUADE





Shari Redstone, the vice chair of Viacom and CBS, wept for joy in the hallway of a Los Angeles courthouse. It was May 9 and a judge had just dismissed a suit challenging the mental competence of her 93-year-old father, Sumner, the billionaire who controls the two media giants. “I am grateful to the court for putting an end to this long

ordeal,” Shari said in a statement that day. “I am so happy for my father that he can now live his life in peace, surrounded by his friends and family.”

But living in peace is not the Redstone way. A mere 11 days later, the family rekindled the battle over the mogul’s competence—with exponentially higher stakes. On May 20 a lawyer for Sumner

FATHER KNOWS BEST? REDSTONE (RIGHT), IN A PHOTO FROM 2007, WAS CLOSER TO DAUMAN THAN HE WAS TO HIS OWN CHILDREN.

Redstone delivered a preemptive strike, triggering the corporate equivalent of thermonuclear war. The action transformed the conflict from a tawdry contest for personal control (and money) inside Redstone’s mansion to a brute fight inside multiple boardrooms and courtrooms for dominion over a \$42 billion media empire.

Redstone booted his longtime protégé, Viacom CEO Philippe Dauman, 62, as well as a Viacom director seen as the CEO’s ally, from the seven-member trust that will control Redstone’s holdings after he dies or is declared incapacitated. Both men were also replaced on the board of National Amusements, the movie-theater company that holds Redstone’s stakes in Viacom and CBS.

Today the main question is *when*—not *if*—Redstone will move to push Dauman from his CEO perch. As the billionaire put it in a statement that left little ambiguity about his intentions: “I have picked those who are loyal to me and removed those who are not.”

It’s a stunning reversal. For three decades Redstone treated Dauman as a son, and Dauman’s greatest attribute as CEO was his closeness to the man who controls

80% of the voting shares of Viacom and CBS. In effect, Dauman had a constituency of one, and he played to it masterfully.

How else to explain his ability to remain CEO for nearly a decade—during which Dauman has routinely placed near the top of CEO pay lists with, for example, \$54 million in 2015 compensation—despite a record that ranks somewhere between anemic and abysmal? Viacom’s shareholders can only dream of the riches that Dauman has amassed for himself, a total of \$396 million during his time as CEO.

Meanwhile, the company’s stock has swooned by 50% over the past two years; as of late May, it had returned a total of 38% during his tenure, far less than rivals (see chart) and the market as a whole. The surest sign of investors’ low regard for Dauman: When rumors surfaced that Redstone would remove him as CEO, Viacom’s share price surged 13% in a week. (Viacom spokesman Carl Folta says the stock price doesn’t reflect Dauman’s achievements and that Viacom’s shares “trade more on the news flow than on the fundamentals.” He adds, “The significant decline recently obscures a much better performance for the majority of his tenure.”)

Redstone’s latest moves have given Shari, his previously estranged daughter, a majority on the trust and the National Amusements board, effectively handing her the keys to his kingdom. Shari had reclaimed access to Redstone in October, after the ejection of his two live-in female companions, ending the latest schism between daughter and father. Shari then gradually gained his favor while spending much of her time at Sumner’s side in his Beverly Hills mansion.

Now Dauman must fend off two Redstones if he wants to save his job. He blasted his ouster from his patron’s trust as “shameful” and “an unlawful corporate takeover” orchestrated by Shari at a time when her father “lacks the capacity to have taken these steps.” He quickly filed suit to reverse the removal; a hearing is scheduled for June 7.

In essence, Dauman is accusing Shari of exploiting Sumner, echoing the accusations she directed against Redstone’s former companions. Dauman’s suit claims that Shari has “taken over his life, isolated him from contact with others,” and



FAMILY FORCE
SHARI REDSTONE
(CARRYING WATER
BOTTLE) WITH HER
SON BRANDON
OUTSIDE A LOS
ANGELES COURT
THAT HEARD A
CASE FOCUSED
ON HER FATHER'S
COMPETENCE

“manipulated” him, all to attain her “long denied wishes for control of his businesses.”

Sumner Redstone, it seems, is a ghost of his former self, and whether it’s Dauman, Shari, or Sumner’s female companions, the players have exerted power by influencing the declining nonagenarian. The brawling conjures the image of a wrestling match inside the booth that controls the Wizard of Oz. One of the combatants grabs the lever for a period, and the Great Oz spits out fiery pronouncements in that person’s favor. Shari Redstone has now taken the handle—and this time Dauman may not be able to get it back.

THE CONTEST BETWEEN Shari and Dauman has its roots in the fact that Sumner Redstone has always cared far more about business than family. Psychologists could spend years untangling the motivations of the three principals (who each answered questions only through spokespeople) and the shifting currents of filial and parental affinity and betrayal. To some people, Shari is asserting what she views as her birthright: command of Viacom and CBS. “She has described herself as ‘controlling shareholder’ for a year,” says a source familiar with Dauman’s view. (A spokesperson for Shari denies this.) “It’s a personal thing between her and Philippe. It goes back to family issues and daddy issues: *Why did he pick him, not me?* Nothing is going to satisfy her other than getting rid of Philippe.”

Redstone’s blood relationships have always been, well, bloody. Multiple Redstones

sued one another over the family's National Amusements Inc. (NAI) business. Sumner's son Brent filed a suit in 2006 accusing his father and sister of freezing him out. Brent took a reported \$240 million buyout; father and son haven't spoken since. Shari, who runs NAI and holds a 20% stake in it, expected a central role: Sumner's 2002 divorce agreement provided she would succeed him as chair of his companies.

But after naming Shari vice chair of Viacom in 2005 and touting her as a "great businesswoman" and his likely successor, Sumner began denigrating her. They battled over many issues. She wanted to expand the theater company internationally; he wanted to sell it. He sought unsuccessfully to buy her out. Shari absorbed many slights, and according to a source close to the family, more than once Redstone chose to transmit those messages to his daughter via an icily polite and formal messenger: Philippe Dauman.

If Redstone's relationship with his daughter was remarkably troubled, his relationship with Dauman was remarkably steadfast. Redstone dispatched three highly regarded potential successors for committing one or more of what he considered unpardonable sins: insufficient deference and poor stock performance. Yet Dauman, who scored a perfect 1600 on his SATs—at the tender age of 13—seemed impervious. Dauman is stiff and cerebral, nobody's idea of a people person, yet he and Redstone connected.

Dauman, a corporate lawyer, met Redstone in 1986, just before the takeover fight for Viacom. He became Redstone's *consigliere* and was ushered onto the boards that oversee the mogul's holdings. Dauman was often described as "the son Sumner wishes he had." Redstone regularly introduced him on Viacom's earnings calls as "the wisest man I have ever known." Dauman assiduously reciprocated. In a 90th-birthday tribute, he called Redstone "my inspiration, my guiding light, my mentor, and a great friend."

BY 2006—when Dauman became CEO—Viacom and CBS were heading in new directions. After Viacom bought CBS in 2000, Redstone split it off again in 2006. It was

REDSTONE'S TRUST: THE SHIFT

DAUMAN LOSES HIS VOTES

TEAM PHILIPPE



PHILIPPE DAUMAN
[REMOVED]
Also dropped from NAI board.

GEORGE ABRAMS
[REMOVED]
Lawyer has been on Viacom's board for 30 years.

TEAM SHARI



SHARI REDSTONE
President of NAI.

TYLER KORFF
Shari's son is a rabbi and lawyer.

LEONARD LEWIN
Lawyer represented Shari's mother in divorce.

TAD JANKOWSKI
[NEW] General counsel of NAI.

JILL KRUTICK
[NEW] Friend of Shari's; ex-Citigroup analyst.

NOW UNDECLARED

DAVID ANDELMAN
Lawyer and director at CBS and NAI.

NORMAN JACOBS
Divorce attorney for Sumner.

a stock play, driven by his desire to liberate shares of Viacom from the market drag of the stodgy network-TV business. He believed Viacom—with such prized assets as MTV, Nickelodeon, and Paramount—would grow rapidly and soar, while CBS would appeal to value investors.

But the opposite happened: CBS has thrived and Viacom stagnated. Tectonic shifts in media consumption are partly to blame. The youthful viewers of Viacom's top channels—MTV, VH1, Comedy Central, and Nickelodeon—were quick to migrate to mobile devices and online content, cutting into subscriber fees, ratings, and ad revenue.

By contrast, CBS's much older core audience—seen as a handicap in attracting advertisers—has stuck with traditional TV. And as one of the four big networks, with a mass audience and live sports, CBS remains an essential part of every cable package.

The companies' divergent results also reflect their performance. Leslie Moonves, CBS's gravelly voiced CEO, has aggressively built new revenue streams, starting with fees from pay-TV providers and local affiliates. Alert to the threat of "cord cutters," CBS has developed its own Internet streaming service, luring subscribers as the exclusive home for a planned new *Star Trek* series. Moonves has also spun off CBS's slow-growing billboard business and announced plans to shed its radio stations.

Most of all, Moonves, a charismatic former actor who rose as an ace programmer, has generated a remarkable run of hits. CBS has been the top-rated network for the past eight years. (It now even claims the most viewers in the 18-to-49 age bracket.) It's profiting further through ownership stakes in nearly all of its new shows. Moonves has also made Showtime a serious rival to HBO.

Dauman, by contrast, has underwhelmed, stumbling when it comes to delivering compelling content. Once the favorite of a generation, MTV largely abandoned music for the crowded realm of reality shows; Nickelodeon faces growing competition for children's eyeballs from Netflix's kid-die library; Comedy Central's ratings have plummeted with the exodus of marquee performers, including Jon Stewart, John Oliver, Stephen Colbert, and Key & Peele.



Paramount has performed terribly for years.

Dauman was inartful at dealing with talent. He offended the duo behind *South Park* by pinching pennies and halving a requested \$1 million investment in *The Book of Mormon*. Unlike many media chiefs, Dauman seemed disinclined to court and lavish attention on stars. When an executive once suggested he go downstairs to MTV's studio to greet Beyoncé, who was on the premises, Dauman responded, "You need to bring Beyoncé up to see me. Because she needs to know she can meet the ultimate CEO of Viacom." (A Viacom spokesperson denies this happened.)

Dauman was slow to embrace digital initiatives. He terminated Viacom's early relationship with Vice Media, now worth billions. And he fought a futile war against YouTube, unsuccessfully suing it for copyright violations and keeping Viacom's content off the platform for years. Despite being an M&A specialist, he made no game-changing content acquisitions.

Instead he poured a staggering \$18.6 billion into stock buybacks; that's more than twice what Disney spent on Marvel Entertainment and Lucasfilm combined.

Facing big ratings declines, Dauman tried to compensate with gimmickry, jamming so

HELPING HANDS
CBS CEO LES
MOONVES,
RIGHT,
PRESERVED
HIS TENURE
THROUGH
STRONG
PERFORMANCE.

many ads into Viacom's shows that he was forced to abruptly reverse course. In April 2015, he announced a \$784 million charge, organizational changes, and a programming reboot. He dumped reruns and doubled down on original programming—including MTV's return to music.

Some ratings have recently ticked up. Dauman has properly claimed credit for expanding Viacom's international business. He has backed new technology to better target advertising. And he has promised a turnaround at Paramount. (Dauman's profligate spending on stock buybacks—recently halted, given Viacom's ballooning debt—has prompted him to seek a minority investor for the studio at a time when its weak performance seems likely to draw a low price.)

In the past the combination of declining profits and falling stock price would have meant the corporate guillotine for the CEO of a Redstone entity. As late as April, Dauman remained exempt from such a fate. Part of that, perhaps, was because Redstone had receded from his business over the past decade. He had relocated to a Beverly Hills mansion, where he monitored his empire by phone from his study, lined with giant tanks containing saltwater fish. Redstone remained chairman of both companies, receiving as much as \$93 million in one year (2013) for what mostly amounted to periodic phone calls with the CEOs and the boards.

REDSTONE WAS INCREASINGLY focused on more social pursuits. After his second divorce he courted a string of decades-younger companions. Manuela Herzer and Sydney Holland became by far the most important. By 2013, both were living in Redstone's home. Holland, then 42, was his girlfriend; Herzer, 49, had dated him a decade or so earlier, then remained a friend. The two helped run Redstone's life, and each received more than \$70 million in gifts: homes, stocks, cash, and jewelry. Both considered themselves part of his "family."

Redstone's actual family wasn't keen on this development. By 2014, Shari and her kids were estranged from Redstone. They say they were barred at the gate to his home—which they blame on Holland and Herzer.

Herzer says Sumner didn't want to see his daughter and told her he hated Shari.

That September a bout with pneumonia precipitated a dramatic decline in Redstone's health. Unable to eat, struggling to swallow his own saliva, he was now dependent on a feeding tube to keep him alive. He labored to utter a sentence. He was incontinent and unable to stand or walk. Redstone needed 24-hour nursing care. Herzer later described it as "a virtual ICU" inside his mansion.

Shari, then her son, began receiving secret daily emails from one of her father's nurses. The dispatches, beginning in September 2014, offered a distressing portrait. Everyday events left Redstone "confused," the nurse wrote. "He has the tendency to ask the same question over and over." At 3:55 p.m. one day, Redstone told the nurse, "I want to die." Asked why, he explained simply: "Too many problems."

None of this troubling intelligence seems to have made its way to the boards of Viacom or CBS, though Shari served as vice chair of both, with a duty to share material information. Instead, she assured the nurse by email, "I will never tell anyone anything." (Shari's spokesperson declined to comment on this issue.)

The boards had their own evidence of Redstone's decline. During 2014 he was seen and heard at investor events for the last time. At CBS's shareholders meeting that May, a curtain hid Redstone—too proud to use a wheelchair—as burly men carried him onstage and deposited him into a seat beside the other directors.

Redstone attended his last company board meetings in person in 2014. According to a witness, he dozed and drooled during the proceedings. At subsequent events directors were routinely advised that he was listening in by phone. But according to his nurses' logs, sometimes he just slept.

THE QUESTION OF REDSTONE'S capacity finally exploded last year—but not because the boards of his companies raised the issue. Instead, the event that set off the contest for corporate control emerged from the fury of a deposed Redstone companion.

FEEDBACK peter_ellkind@fortune.com

Last September he named Herzer as his sole agent to make medical decisions if he became unable to make them. He also increased his planned bequest to her to \$70 million. (By this point Redstone had jettisoned Holland, who had admitted having an affair.)

Six weeks later Redstone had Herzer removed from his home, replaced her as his health care agent, and cut her out of his will. Herzer sued to be restored as health agent and charged that Redstone—till then of sound mind—was mentally incapacitated and under undue influence by the time he threw her out.

Dauman swore out a declaration, asserting he detected no evidence of incapacity during visits with Redstone before and after Herzer's ouster. Claimed Dauman: "He was engaged, attentive, and opinionated as ever." (Herzer, present for the first meeting, in October, ridiculed that account. She said Redstone sat "gazing somewhat vacantly" and characterized the meeting as "a monologue by Mr. Dauman that Sumner did not appear to comprehend.")

Herzer's suit led to months of mortifying revelations and legal sparring. Finally, she won the right to have her own expert, a geriatric psychiatrist, examine Redstone. The exam was conducted on Jan. 29 and conclusions were presented to the court under seal. They were devastating, observers inferred, because only days after the exam, Redstone stepped down as chairman of CBS and Viacom. Neither company had taken steps to force the move.

At CBS the transition was handled smoothly. Shari had reached an accommodation with Moonves and joined a unanimous vote to name him executive chairman. Redstone kept his board seat, the title of chairman emeritus, and a reduced salary of \$1 million a year.

Things were different at Viacom. Criticism of Dauman had intensified. An activist investor had issued a blistering 99-page analysis of his performance. Despite Viacom's woes, the board had hiked Dauman's pay 22%, to \$54 million. (The company tried to spin the move but did so in a ham-handed way, which only sparked more criticism: Viacom announced that it was *reducing* Dauman's pay by \$7 million, then filed a proxy statement days later revealing that Dauman was also getting a \$17 million bonus for signing a new contract, raising his overall compensation by \$10 million.)

Shari Redstone opposed Dauman's promotion, but she was the lone dissenter. Sumner Redstone, as always, backed "the wisest man" he had ever met. It seemed nothing could shake their bond.

Still, Dauman was showing signs of stress. After Viacom reported a 10% drop in quarterly profits—and missed analysts' revenue expectations for a fifth straight quarter—he sounded defensive on an earnings conference call. "Our outlook and the facts," he said, "have been distorted and obscured by the naysayers, self-interested critics, and publicity seekers." One analyst asked the CEO to identify the "noise" he said was obscuring Viacom's performance. "Well, if you haven't been listening," Dauman snapped, "you don't know what the noise is. I think it is obvious to everybody what the noise is." By the end of the day Viacom's shares had plunged 21%, to a five-year low.

A POWER STRUGGLE between Shari Redstone and Philippe Dauman had erupted, and the next front was the trust that would wield Redstone's voting shares after he died or was deemed incompetent. The



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voting balance was uncertain. In addition to Shari and Dauman, the trustees included two presumed Shari votes (her son Tyler and Leonard Lewin, her mother's divorce attorney); two expected Dauman votes (Norman Jacobs, Sumner's divorce lawyer, and George Abrams, a Viacom director since 1987); and David Andelman, a CBS director who has done legal work for the Redstones since the 1970s. Andelman's allegiance was unclear.

Shari, who lives in Boston, had begun spending much of her time in L.A. with her father. He began to reverse course on multiple issues. He had previously denied, in writing, barring Shari's family—only to turn around and say the opposite. A new letter voiced shock at communications, “purportedly at my authority,” which “prevented all of you from visiting me.” Such materials, the letter stated, “should be considered withdrawn, terminated, voided, cancelled, inaccurate and of no effect whatsoever.”

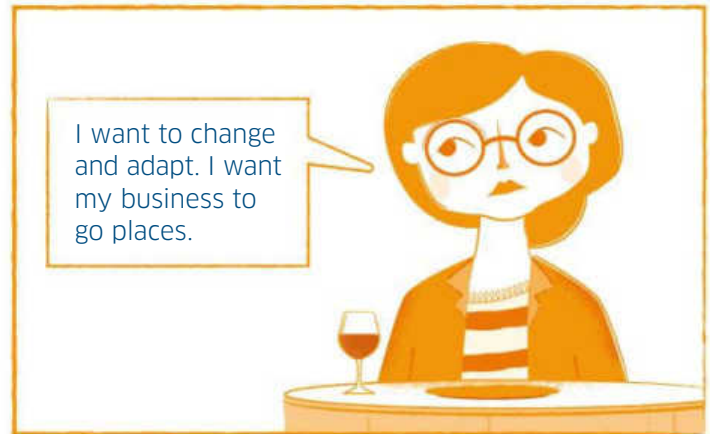
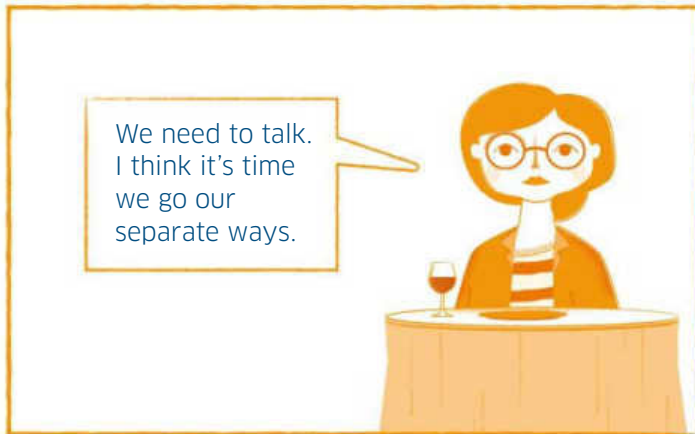
Redstone still had moments when he rallied. His testimony in the Herzer suit, in

which he called her a “fucking bitch,” persuaded the judge to dismiss the case. (Never mind that Redstone couldn't recall his birth name and Herzer's expert concluded he's suffering from dementia.) Her lawyers, who plan to appeal, filed a second suit accusing Shari of using a “spy network” to turn Redstone against her.

But the far larger game was Viacom and CBS. The revelations about Redstone's health increased pressure for action. The trust's mental-incapacity mechanism requires either the finding of a court or the signature of three doctors who have concluded that Redstone is “unable to manage his affairs in a competent manner.” Launching this process requires a majority vote of the five NAI board members (excluding Redstone), which included both Dauman and Shari Redstone. A finding of incapacity would activate the trust, whose members then couldn't be removed.

Ironically, a rare action by Dauman against Redstone seemed to trigger the shake-up in the trust. On May 18 the Viacom directors terminated Redstone's \$2 million in pay, the last action available to them. (They can't fire the person who owns 80% of the voting shares.) Two days later Redstone ejected Dauman and George Abrams from the NAI board and the trust. Redstone had finally turned on his closest ally. Days later, Dauman fired back with the suit alleging that Redstone was incompetent and manipulated by his daughter.

Redstone, he now asserted, was unable to “participate in meaningful conversation,” including “communications concerning his business or personal affairs.” It was precisely the sort of communication Dauman claimed to have engaged in just six months before.



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In December, Dauman offered a similar message, telling conference attendees, “I talk to Sumner frequently, several times a week.”

In the suit, Dauman explained his past defense as an attempt “to help his longtime friend and colleague maintain his choice of health care agent”; he’d actually made “no observations about Mr. Redstone’s capacity to make significant business decisions.” Besides, the suit added, his health “has rapidly declined since that time.” Dauman stated that when he had visited Redstone in March, he “appeared almost totally nonresponsive.” He was now, Dauman suggested, a helpless prisoner of his daughter, whose power play would violate Redstone’s long-held desire to “empower professionals, rather than family members who did not share his business acumen.”

The replacements tilted the Redstone trust in Shari’s favor. Jill Krutick, a friend of Shari’s and a former Citigroup analyst, was named to both the trust and the holding company board. Tad Jankowski, who reports to Shari as general counsel of NAI, filled the second trust position. Kimberlee Ostheimer, Shari’s daughter, got the second spot on the NAI board.

A flurry of statements ensued. Redstone’s spokesman insisted he’s still competent and making his own decisions. He had turned against Dauman, the spokesman explained, out of anger at the decision to cut off his pay, the plan to sell a piece of Paramount, and the decline in Viacom’s shares. Shari’s rep called it “absurd” to accuse her of “manipulating her father.”

Now the parties are girding for the inevitable: The move to force Dauman out, and the court fights and hyperbolic media wars that will entail. The Redstones will attempt to do that by replacing four

board members, according to a source familiar with the matter, with the new members then presumably voting to fire Dauman. Shari recruited former Viacom CEO Tom Freston to join the Viacom board, but he declined. Freston tells Fortune he advised Shari he supports “her efforts to oust Dauman and clean up the mess he will have left behind,” but that, for him, “it’s hard to go backwards.”

Viacom’s six independent directors have vowed a court challenge to any move to oust them, saying it would be undermined by “the inexplicable assertion that Sumner was acting of his own free will and with the mental competency to do so.”

Still, even if Dauman loses, he wins: His expected exit package runs to \$75 million. Sources close to the companies speculate that, should she prevail, Shari Redstone might eventually try to reunify CBS and Viacom, with Moonves as CEO.

Nobody can know whether Sumner Redstone will be alive to see that happen. But by the time he passes from the earthly realm, his legacy will consist not so much of assembling a storied media empire—but of spawning a colossal corporate conflict. **FB**




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Call It The New Outsourcing

Revolutionary advancements in technology, coupled with ever-more effective bundling of services under one provider's roof, are throwing open the door to new possibilities that weren't imaginable even five years ago. Now they're fast becoming standard for those determined to gain and keep a competitive edge.

"Cloud computing has completely changed how information technology outsourcing works," says Jagdish Dalal, a Connecticut-based outsourcing consultant and chief advisor for thought leadership at the International Association of Outsourcing Professionals (IAOP). "That's what has changed what outsourcing looks like."

The cloud works like a utility for computing. It lets companies tap vast computing power as a service, rather than having to buy, license and maintain expensive IT resources in-house. Outsourcing providers offering software as a service (SaaS) are equipping client firms with power to crunch, analyze and deploy big data in ways tailored to their industries and strategic goals.

With the cloud comes a potential new type of relationship between client and provider. Those who can crunch big data can deliver big value and catapult clients to reinvent their systems and become what they aspire to be.

For example, U.S.-headquartered VirtusaPolaris provides IT consulting and outsourcing services for various industries. Leveraging platforming and business process management, VirtusaPolaris was able to modernize the claims platform for one of the world's largest property and casualty insurers. Over a two-year period, VirtusaPolaris helped streamline 100+ claims systems into a single, seamless platform across 22 countries—currently rolling it out to the remaining 35+ countries—delivering a distinctive competitive advantage to the client.

It's indicative of a greater trend: Outsourcing partners are no longer mere providers of services. They are helping clients transform

operations and even rethink where their revenues should come from.

"I'm not saying, 'Look, I can be your outsourcing partner,'" says Sreekanth Lapala, senior vice president, global head for transformational outsourcing solutions at VirtusaPolaris. "I'm saying, 'I can be your business transformation partner.'"

Outsourcing Is Ever-Changing ... and Changing the Economy

A multitrillion-dollar industry, outsourcing as a practice stretches well beyond manufacturing and contracting with vendors in a physical supply chain. In the United States, outsourcing for information technology and business services accounts for more than 350,000 full-time jobs, according to the Everest Group research firm. The sector enjoys strong growth across all segments, including some expanding by as much as 20% a year.

Client companies in industries from banking to health care are driving growth, in part by seeking access to tools not available

in-house. A 2015 IAOP survey found that 35% were outsourcing to tap into new technologies, up from 30% a year earlier. Another 30% outsource for the innovation that it brings.

Providers are investing to deliver what clients need. The same IAOP survey found a full 55% of outsourcing providers and advisors are either implementing cloud computing technologies or advising clients to do so. It's easy to see why: The cloud is upending the status quo for business process outsourcing (BPO), and harnessing its muscle can transform companies to the shape they need for success in the coming decade.

The result for outsourcing has been a natural selection process so ruthless it would have made Charles Darwin blush. Entire sectors are no longer needed. Call centers used to be big operations for the travel industry, for example, but they're now much smaller, if they still exist at all. What changed was Internet-based booking, powered by the cloud, whereby travelers





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Trends to Watch:

VENDOR CONSOLIDATION AND A FOCUS ON WORKPLACE CULTURE

Companies around the world are focusing much of their attention on vendor consolidation and keeping up with changes in the modern workplace. Their dialogue, as a result, has gone through a significant shift. What used to be a concentration on cost alone has evolved to, firstly, a focus on how to obtain more consistent and better real estate services and solutions and, secondly, how real estate can help shape workplace experience and culture.



Steve Quick
Chief Executive
Global Occupier Services
Cushman & Wakefield

Steve Quick, chief executive of global occupier services at Cushman & Wakefield, says: “We can scale to a client’s needs, whether it be geographic or providing a broader bundle of services so clients can consolidate their real estate needs. We are also leading workplace trends by looking at everything we do through the employee or customer lens. We have added tools to our suite of services that can assess the current experience, identify the pain points, and create solutions to remove those pain points.”

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“At one point, Jamaica was the center for keypunching airline tickets and checks,” Dalal says, referring to the nation’s past importance to the travel industry. “That’s completely gone. There’s nobody out there keypunching checks anymore. So the activities that we used to outsource, looking for cheaper labor, are eliminated.”

Outsourcing, however, is by no means diminished, even though some forms have gone the way of the dodo bird. The practice has instead evolved, with technology as an accelerating force, into one that lets companies automate strategically and enlist outside talent to improve on what used to be in-house roles.

Clients Are Now Going Outside the Organization

Consider how clients work with Miratech, a Stockholm-based managed IT service provider with 800 employees. Companies such as Genesys, IBM, Lindorff and Philips have tapped into Miratech’s software engineering talent in Eastern Europe, but not purely as a cost-saving strategy. They come to access some of the world’s top skill sets among those who build and maintain SaaS solutions in a range of industries.

In the process, clients depend on Miratech to play a kind of role that was always left to in-house players up until recently. Miratech receives multiyear contracts that include diagnosing what’s not working in clients’ systems and developing solutions. Then Miratech carries out strategic initiatives across technically complex terrain. It’s all part of the new outsourcing, where partners come on board and trade yesteryear’s functional roles for today’s strategic, high-value ones.

“It’s not like 20 years ago, where the one who had access to cheap resources was the champion,” says Miratech CEO Valeriy Kutsyy. “As markets mature, customers become, generally speaking, more picky. They are really

looking for niche competence, process competence, and technology competence. Their requirements are more sophisticated now.”

Indeed the very nature of outsourcing is changing as companies recognize they need more than a partner who puts employees to work executing one process or another. They need one who can analyze what’s possible, assess what’s needed, and design new structures and systems that make the most of new technologies.

Tales of Automation and Technology

To that end, automation was a prominent theme at The Outsourcing World Summit®, IAOP’s 2016 annual conference in February. But don’t expect gadgets from the Jetsons to be displacing scores of workers. Today’s automation is largely about “taking the robot out of the human,” according to Leslie Willcocks and Mary Lacity, both business school professors and co-authors of the 2016 book *Service Automation: Robots and the Future of Work*.

Robot Process Automation (RPA), as interpreted by Lacity and Willcocks, refers to the science of using robots to enhance overall productivity. It involves deploying robots for repetitive, low-level tasks and letting humans focus on what humans do well, including customer interaction and judgment-based jobs. Its use could be prolific in coming years. In last year’s IAOP survey, companies who use outsource providers said 50 to 75 of their processes were candidates for automation.

Technology is transforming what outsourcing means for property management, too. Just ask ISS, a Copenhagen-based global facilities service provider with \$12.2 billion in revenues and 500,000 employees in more than 70 countries. With services ranging from facility management to security and catering, ISS uses smart systems to remove guesswork. Climate data ensure heat is never wasted; sensors signal whether an office or restroom

(Continued on page S10)



HOW NIGHTINGALE ENTIRELY **OUTSOURCED** TECH

RATHER THAN BUILDING THE NEXT-GEN, CLOUD-BASED INFRASTRUCTURE THEMSELVES, THIS HEALTH CARE SOFTWARE COMPANY ENTRUSTED MIRATECH WITH THE DAUNTING TASK.

EARLY IN 2015, health care software provider Nightingale faced serious challenges. Delays plagued launch plans for a next-generation, cloud-based system. The company's three-year, \$15 million investment was behind schedule and had yet to bear long-awaited fruit.

Toronto-based Nightingale considered proposals from six firms as it searched for a partner to help troubleshoot the logjams. One stood out: Miratech identified both a root problem and a pioneering, long-term solution.

Miratech, a managed IT services provider for a range of corporate clients, diagnosed serious problems on Nightingale's technology team—and took over all engineering, maintenance, and support functions. What made it

unique was Nightingale took the unprecedented step of handing off its complex, strategically crucial core R&D operations, all in an effort to improve performance and long-term success.

"This is really a unique case," says Miratech CEO Valeriy Kutsyy. "There are not many companies that can make such a dramatic, revolutionary, and risky decision to terminate your engineering management and operations. It's not a usual exercise for a software engineering company."

But it made sense; Nightingale had struggled to find and retain essential talent in the Toronto area.

"We came to the conclusion that what we're really good at is product design—that's our secret sauce," says Nightingale president and CEO Sam Chebib. "But the engineering itself, the construction of the product, is its own animal. Rather than try to build the infrastructure, we decided we should look at working with a high-end software engineering house."

One year after Miratech took over the project, Nightingale's unconventional move is paying off. Miratech now has 50 engineers engaged in its

Managed Competence Center™, scheduled to launch the product in July 2016. A long-term contract will keep them engaged for support.

"Nightingale's management is impressed with a very disciplined engineering process at Miratech and the level of engagement of its team, which operates as a part of our internal R&D organization," Chebib says. "Miratech's processes have brought predictability into the product development schedule, while materially improving the software quality and performance. Jointly we have created the Nightingale V10 platform, which, we are confident, will be a market-disruptive platform and the new standard in the electronic medical record industry."

The Nightingale deal could be a harbinger of where outsourcing is heading. Looking ahead, Kutsyy expects that within three to five years, at least 50 percent of Miratech's revenue will have this complexity and integral strategic significance to the client.

"It's a new trend to outsource both high-complexity and high-strategic importance process," Kutsyy says. "We will continue to push it forward." ●

▼ Left: Nightingale President and CEO Sam Chebib; Right: Miratech CEO Valeriy Kutsyy



miratech

IAOP GLOBAL OUTSOURCING 100

| Company | Web Address | 2016 Group | Size & Growth | Customer References | Awards & Certifications | Programs for Innovations | Programs for CSR |
|------------------------------------|-----------------------|-------------|---------------|---------------------|-------------------------|--------------------------|------------------|
| ACCELYA | w3.accelya.com | Leader | | ★ | ★ | ★ | |
| ACCENTURE | accenture.com | Leader | ★ | ★ | ★ | ★ | ★ |
| AEGIS LIMITED | aegisglobal.com | Leader | | | ★ | | ★ |
| AGS HEALTH PRIVATE LTD | agshealth.com | Rising Star | | ★ | | | |
| AJUBA INTERNATIONAL | ajubanet.net | Rising Star | | ★ | ★ | | |
| ALORICA | alorica.com | Leader | | ★ | | | |
| ALTISOURCE | altisource.com | Leader | ★ | ★ | | | |
| AON HEWITT | aonhewitt.com | Leader | | ★ | | ★ | ★ |
| AURIGA | auriga.com | Rising Star | | ★ | | ★ | ★ |
| BELL INTEGRATOR | bellintegrator.com | Leader | | ★ | ★ | | |
| CANON BUSINESS PROCESS SERVICES | cbps.canon.com | Leader | | ★ | ★ | ★ | ★ |
| CBRE | cbre.com | Leader | ★ | ★ | ★ | ★ | ★ |
| CGI | cgi.com | Leader | | ★ | ★ | ★ | ★ |
| CGS | cgisinc.com/en | Leader | | ★ | ★ | | |
| CHINASOFT INTERNATIONAL | chinasofti.com | Leader | | ★ | ★ | | |
| CleNET TECHNOLOGIES | cienet.com | Leader | | ★ | ★ | | |
| CIKLUM | ciklum.com | Leader | | ★ | | ★ | ★ |
| COLLIERS INTERNATIONAL | colliers.com | Leader | ★ | ★ | ★ | ★ | |
| CONCENTRIX | concentrix.com | Leader | ★ | ★ | ★ | ★ | ★ |
| CUSHMAN & WAKEFIELD | cushmanwakefield.com | Leader | ★ | ★ | ★ | | |
| DATAMATICS GLOBAL SERVICES LIMITED | datamatics.com | Leader | | ★ | ★ | | |
| DATROSE | datrose.com | Rising Star | | ★ | | ★ | ★ |
| DDD | digitaldividedata.com | Rising Star | | ★ | | | ★ |
| DHC | dhc.com.cn | Leader | | ★ | | | |
| DONLEN | donlen.com | Leader | | ★ | | ★ | |
| ELEKS | eleks.com | Rising Star | | ★ | ★ | ★ | |
| ELEVATE | elevateservices.com | Rising Star | | ★ | | | |
| ELLUCIAN | ellucian.com | Leader | | ★ | | | |
| EMERIO GLOBESOFT | emeriocorp.com | Leader | | ★ | ★ | | |
| ENDAVA | endava.com | Leader | | | ★ | ★ | |
| EPAM SYSTEMS | epam.com | Leader | ★ | ★ | | ★ | ★ |
| EXL | exl-service.com | Leader | | ★ | ★ | ★ | ★ |
| FIRSTSOURCE | firstsource.com | Leader | | ★ | ★ | ★ | |
| FISCHER | fischercompany.com | Leader | | ★ | | ★ | |
| FPT SOFTWARE | fpt-software.com | Leader | | ★ | ★ | | ★ |
| GEBBS HEALTHCARE SOLUTIONS | gebbs.com | Leader | | ★ | | ★ | |
| GRUPO ASSA | grupoassa.com | Leader | | ★ | | ★ | ★ |
| GRUPO PROMINENTE | grupoprominente.com | Rising Star | | ★ | ★ | ★ | |
| HARBINGER SYSTEMS | harbinger-systems.com | Rising Star | | ★ | | ★ | |
| HCL TECHNOLOGIES LIMITED | hcltech.com | Leader | ★ | | | ★ | ★ |
| HEWLETT PACKARD ENTERPRISE | hpe.com | Leader | ★ | ★ | | ★ | ★ |
| HINDUJA GLOBAL SOLUTIONS LIMITED | tearnhgs.com | Leader | ★ | ★ | ★ | | |
| IBA GROUP | ibagroupit.com | Leader | | ★ | ★ | ★ | ★ |
| ICL SERVICES | icl-services.com | Leader | | ★ | | ★ | ★ |
| IMS HEALTH | imshealth.com | Leader | ★ | ★ | | | ★ |
| INDECOMM GLOBAL SERVICES | indecmm.net | Leader | | ★ | ★ | | |
| INSIGMA | insigmaus.com | Leader | | ★ | ★ | ★ | |
| INSPUR | inspur.com | Leader | ★ | ★ | | | |
| INTEGREON | integreon.com | Leader | | ★ | ★ | ★ | |
| INTETICS | intetics.com | Rising Star | | ★ | ★ | ★ | |

IAOP GLOBAL OUTSOURCING 100

| Company | Web Address | 2016 Group | Size & Growth | Customer References | Awards & Certifications | Programs for Innovations | Programs for CSR |
|--|-----------------------------|-------------|---------------|---------------------|-------------------------|--------------------------|------------------|
| ISOFTSTONE | isoftstone.com | Leader | | ★ | ★ | | |
| ISS | issworld.com | Leader | ★ | ★ | ★ | ★ | ★ |
| ITC INFOTECH | itcinfotech.com | Leader | | ★ | ★ | ★ | ★ |
| ITRANSITION | itransition.com | Rising Star | | ★ | | ★ | |
| JLL | jll.com | Leader | ★ | ★ | ★ | ★ | ★ |
| KELLY OUTSOURCING AND CONSULTING GROUP | kellyocg.com | Leader | | ★ | ★ | ★ | ★ |
| KNOAH SOLUTIONS | knoah.com | Rising Star | | ★ | ★ | | |
| L&T INFOTECH | lntinfotech.com | Leader | | | | | ★ |
| LEASEPLAN USA | us.leaseplan.com | Leader | ★ | ★ | ★ | ★ | |
| LEGALBASE | legalbaselaw.com | Rising Star | | ★ | | | |
| LIQUIDHUB | liquidhub.com | Leader | | ★ | ★ | | |
| LONG VIEW SYSTEMS | longviewsystems.com | Leader | | ★ | | | |
| LUXOFT | luxoft.com | Leader | ★ | ★ | | ★ | |
| MAYKOR | maykor.com | Leader | | ★ | ★ | ★ | ★ |
| MINACS | minacs.com | Leader | | | ★ | | |
| MINDTREE | mindtree.com | Leader | | ★ | ★ | ★ | ★ |
| MIRATECH | miratechgroup.com | Rising Star | | ★ | ★ | ★ | |
| NEWMARK GRUBB KNIGHT FRANK | ngkf.com | Leader | ★ | ★ | ★ | ★ | |
| NEXIENT | nexient.com | Rising Star | | ★ | | ★ | |
| PACTERA | pactera.com | Leader | | ★ | ★ | ★ | ★ |
| PROMONLOGICALIS | br.promonlogicialis.com | Rising Star | | ★ | ★ | | |
| PYTHIAN | pythian.com | Rising Star | | ★ | | | |
| QUISLEX | quislex.com | Rising Star | | ★ | ★ | | |
| QX LIMITED | qxld.com | Rising Star | | ★ | ★ | | |
| RR DONNELLEY GLOBAL OUTSOURCING | outsourcing.rrd.com | Leader | | | ★ | | ★ |
| SCICOM (MSC) BERHAD | scicom-intf.com | Leader | | ★ | | | |
| SERVICENGINEBPO | sebpo.com | Rising Star | | ★ | | | |
| SHINETECH SOFTWARE | shinotechchina.com | Rising Star | | ★ | | | |
| SIGMA SOFTWARE | sigma.software | Rising Star | | ★ | | | |
| SITEL OPERATING CORPORATION | sitel.com | Leader | ★ | | ★ | ★ | |
| SOFTJOURN | softjour.com | Rising Star | | ★ | | ★ | ★ |
| SOFTSERVE | softserveinc.com | Leader | | ★ | ★ | ★ | |
| SPI GLOBAL | spi-global.com | Leader | | ★ | ★ | | |
| STEFANINI | stefanini.com | Leader | | ★ | ★ | ★ | |
| SUTHERLAND GLOBAL SERVICES | sutherlandglobal.com | Leader | ★ | ★ | ★ | | |
| SWISS POST SOLUTIONS | swisspostsolutions.com | Leader | | ★ | ★ | | |
| SYKES | sykes.com | Leader | ★ | | ★ | | ★ |
| SYNTEL | syntelinc.com | Leader | | ★ | | ★ | ★ |
| TATA COMM. TRANSFORMATION SERVICES (TCTS) | tatacommunications-ts.com | Leader | | ★ | ★ | ★ | ★ |
| TEAM INTERNATIONAL SERVICES | teaminternational.com | Rising Star | | ★ | | ★ | ★ |
| TELEPERFORMANCE | teleperformance.com | Leader | ★ | ★ | ★ | ★ | ★ |
| TGESTIONA | tgestiona.com.pe | Leader | | ★ | ★ | ★ | ★ |
| THE RESULTS COMPANIES | theresultscompanies.com | Leader | | ★ | | | |
| TIVIT | tivit.com.br | Leader | | ★ | ★ | | |
| TOWERS WATSON | towerswatson.com | Leader | | ★ | ★ | ★ | |
| TRIGENT SOFTWARE | trigent.com | Rising Star | | ★ | | | |
| UNISONO BUSINESS SOLUTIONS | unisono.es / unisonobpo.com | Leader | | ★ | | | ★ |
| VADS BUSINESS PROCESS SDN. BHD. | vads.com | Leader | | ★ | ★ | | |
| VEE TECHNOLOGIES | veetechnologies.com | Rising Star | | ★ | | | |
| VIRTUSA CORPORATION | virtusa.com | Leader | | ★ | ★ | ★ | ★ |
| WNS GLOBAL SERVICES PRIVATE LIMITED | wns.com | Leader | | ★ | ★ | ★ | |

| Company | Web Address | Size & Growth | Customer References | Awards & Certifications | Programs for Innovations | Programs for CSR |
|--|-----------------------|---------------|---------------------|-------------------------|--------------------------|------------------|
| ALSBRIDGE | www.alsbridge.com | ★ | ★ | | ★ | |
| AVASANT | www.avasant.com | ★ | ★ | ★ | ★ | ★ |
| BAKER & MCKENZIE | www.bakermckenzie.com | ★ | ★ | | ★ | ★ |
| BIRD & BIRD | www.twobirds.com | | ★ | | | |
| BOSTON CONSULTING GROUP (BCG) | www.bcg.com | ★ | ★ | ★ | ★ | ★ |
| DELOITTE | www.deloitte.com/us | ★ | ★ | ★ | ★ | ★ |
| DLA PIPER | www.dlapiper.com | ★ | ★ | ★ | | |
| ELIXIR PARTNERS | www.elixir.com | | ★ | | ★ | |
| EY | www.ey.com | ★ | ★ | ★ | ★ | ★ |
| FOLEY & LARDNER | www.foley.com | | ★ | ★ | | |
| INFORMATION SERVICES GROUP, INC. (ISG) | www.isg-one.com | ★ | ★ | ★ | ★ | |
| KIRKLAND & ELLIS | www.kirkland.com | | ★ | ★ | ★ | ★ |
| KPMG | www.kpmg.com | ★ | ★ | ★ | ★ | ★ |
| MAYER BROWN | www.mayerbrown.com | | ★ | | | |
| NEO GROUP | www.neogroup.com | | ★ | ★ | ★ | |
| OLSWANG | www.olswang.com | ★ | ★ | | ★ | ★ |
| PACE HARMON | www.paceharmon.com | | ★ | ★ | ★ | ★ |
| PILLSBURY WINTHROP SHAW PITTMAN | pillsburylaw.com | | ★ | | ★ | |
| QUINT WELLINGTON REDWOOD | www.quintgroup.com | | ★ | ★ | ★ | |
| ZINNOV MANAGEMENT CONSULTING | www.zinnov.com | | ★ | | ★ | |

needs cleaning.

“By measuring the actual usage, we can deploy employees based on need instead of routinely cleaning a restroom X times a day,” says Henrik Trepka, head of Group IT at ISS. “This means that the experience of the users is the same or often better, regardless of the time of day and the number of people at work, and we use manpower more efficiently.”

While technology is driving much of what’s newly possible through partnerships, other long-term trends in contracting are also shaping the new outsourcing. Among the ones to watch: bundling of services so corporate customers can get more of what they need from a single vendor.

Two years ago, trend lines seemed to show a move toward multisourcing as 28% told IAOP they were increasing suppliers, up from 16% a year earlier. But providers of business services report that the uptick might have been a temporary move to test the marketplace while new technologies were in early stages of coming online.

“Four or five years ago, everybody was using three or four suppliers,” says Patrick O’Malley,

president of Vee Technologies, a BPO provider based in the U.S. and India, operating from six Indian centers and with 2,500 employees. “What they were doing was finding out who was going to make it and who wasn’t.”

Now Vee Technologies’ customers, including top-tier hospitals, are expanding contracts to include a greater range of services. A health care customer might begin by contracting only for outpatient coding, but will soon add inpatient coding and other services. The trend is galvanizing growth as the company doubles revenues yearly: It is building a new facility with 10,000 seats in Salem, India.

Qualified coders are hard to find: Many left the profession when new regulations took effect in the United States last fall. But Vee Technologies has a steady pipeline of talent through Sona College of Technology.

Bundling Continues to Be of Relevance

Bundling of services has been a staple of the long-term evolution of outsourcing, according to Dalal. For years, customer firms have recognized the value of getting as much as possible from a single source as they lever-

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age volume to get better deals and minimize points of contact in the process. Providers have read the marketplace and are winning business by investing to expand what they offer.

Companies that specialize in real estate services have heard the calls for help and adapted to deliver. Cushman & Wakefield, for instance, made a play for strategic advantage last year by merging with DTZ. The resulting synergies give Cushman & Wakefield a broader capacity to meet a range of client needs.

"Our unique ability to marshal and integrate a range of diverse services from our in-house resources streamlines the real estate process, eliminates the need for different providers for different services, and creates efficiencies in clients' real estate organizations," says Steve Quick, chief executive for global occupier ser-

vices at Cushman & Wakefield.

Outsourcing complex real estate challenges to a trusted expert is a beneficial and strategic decision that is paying dividends for corporations. Companies have vendors located around the globe, thousands of whom may be servicing their real estate needs alone. Consolidating and bundling services through

the likes of Cushman & Wakefield results in minimizing costs and inconsistencies. Their combination of global perspective and deep local knowledge coupled with a full platform of real estate solutions allows the firm to provide best-in-class services.

"As our clients consolidate their real estate needs, and work with fewer firms, the result is cost certainty and savings, more consistent and better solutions, and transparency," Quick says.

Working with a single provider is helping

Extreme Performance calls for Extreme Specialization

**VirtusaPolaris' PREEMPT – ACCELERATE – COMPRESS
Framework reduces IT operations cost by up to 40-50%**

- Preempt business disruptions through Cognitive Automation
- Accelerate service delivery through Robotic Process Automation
- Compress effort to manage IT Ops through Gamification techniques

executives explain for shareholders and other stakeholders how real estate is not just a necessary cost. It can also be a strategic collection of assets that serve a company's core purpose, but they need a partner whose analysis helps explain how it all fits together.

Group CEO of ISS Jeff Gravenhorst observes that "major international customers increasingly focus not only on output, but on outcome. They not only want clean offices at lowest cost. They want overview and simplicity in dealing with their service provider, so preferably a one-stop shop and a partner that understands their business and supports their strategy."

They also want contractors who practice social responsibility. ISS is investing there as well.

"We continue to take initiatives to improve our performance in corporate responsibility such as increased training and awareness campaigns," says Gravenhorst. Among the dividends: a 60% drop in injury cases involving lost work hours.

As corporate customers face disruptive change in industries from media to health care,

Optimizing real estate assets and opportunities remains as important as ever...Hence the new outsourcing includes an important role for providers who help customers identify and maximize benefits of the right space.

they're increasingly revisiting the question of what constitutes their core competencies and focusing resources there. That includes making sure real estate doesn't become a distraction or an inefficient liability since it lies beyond the expertise of most enterprises. But optimizing real estate assets and opportunities remains as important as ever, whether a company is mature and holding steady, scaling back or growing quickly in a startup mode.

Hence the new outsourcing includes an important role for providers who help customers identify and maximize benefits of the right space. Serving this niche is JLL, a real estate ser-

JLL: Helping Clients Perform Today and Plan for Tomorrow

Flexible Workforces, Flexible Workplaces

DISRUPTIVE FORCES ARE TRANSFORMING THE workplace. This is happening against a backdrop of corporations looking to gain competitive advantage through leveraging strategic partnerships to deliver non-core business functions.

In addition to addressing the day-to-day management of corporate real estate, real estate leaders are now finding themselves planning ahead for big changes in company workforces demanding more flexible workplace environments enabled by rapidly changing technologies.

◀ John Forrest, Global and Americas CEO, Corporate Solutions, JLL

To stay ahead of these trends—and remain competitive—many companies are turning to trusted partners with advanced business intelligence tools to help drive superior decision making.

"As this trend continues, organizations will look to integrated service delivery models that bring real estate together with other enterprise functions, including technology and human resources, to address workplace needs," says John Forrest, Global and

Americas CEO, Corporate Solutions, JLL. "We're entering an era where strategic partnerships will be the norm. It's all about helping our clients achieve optimal performance today while ensuring they're positioned for success no matter what the future holds." ●



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vides firm with more than 60,000 employees and gross revenue of \$6 billion. One-third of its business comes from corporate solutions, including helping clients find the right location, design space, and manage facilities.

Making the most of a location today involves harnessing technology, from mobile applications that track energy usage in smart buildings to software that analyzes performance across a real estate portfolio. Yet finding the right tech tools for a range of tasks and hoping they're all compatible with one another can be enough to make even a chief technology officer's head spin.

In the new outsourcing, solutions to this problem are increasingly accessible as providers' investments in technology pay fresh dividends. Those who work with JLL gain access to RED_{SM}, a data and insights platform, for example, helping companies uncover insights as to how they should adjust their office configuration, facilities features, technologies, and operations to maxi-

mize their employees' experience.

"What this means for JLL is we become as much a technology firm—we're already well on this journey line—as just a real estate services firm," says John Forrest, Global & Americas CEO, Corporate Solutions at JLL.

The Future of Hiring It Out Is Bright

As the new outsourcing takes hold, a new future is opening up for the ancient practice of enlisting an outside team to tackle a situation and get the job done. Observers and outsourcing industry insiders are equally curious to see where technology improves performance next, where returns on investment will blossom, and which types of contracting will bear the most fruit in this new era.

As outsourcing evolves into its next chapter, those with vision to innovate and resources to invest stand to lead the way in breaking open what's possible. And those competing to win are lining up to be part of it. ●

Vee Technologies

Health Care Admin Is Its Sweet Spot

HEALTH CARE PROVIDERS and health insurers are facing back-office pressure on two major fronts. Sweeping new regulations implemented under the Affordable Care Act require a host of new compliance measures. Add in the massive shift from paper to electronic records now underway, and routine business processes can become an administrative nightmare.

For Vee Technologies, this arena of business processing is a sweet spot. The firm measures success partly by how well it helps hospitals, physician groups, and insurers keep up with revenue

cycles and stay ahead of all that's expected of them. "The way you tell is you listen to your clients, and you listen to the awards that you get," says Vee Technologies president Patrick O'Malley.

With 944% growth over a three-year period, Vee Technologies landed a spot last year on the *Inc.* 500 list of fastest-growing U.S. companies. This April,

the International Association of Outsourcing Professionals (IAOP) gave Vee Technologies its highest possible score for client references.

"You have to use analytics to be able to guide the client through some pretty rough waters," O'Malley says. ●



YOU DO WHAT?

Most people only talk about finding a dream job. Here are four employees of *Fortune 500* companies with careers so engaging and unusual that it's hard to believe they call it work.

PHOTOGRAPHS BY
BENJAMIN RASMUSSEN



**MOTION CAPTURE
PERFORMER/
RECEPTIONIST**
INDUSTRIAL LIGHT &
MAGIC/LUCASFILM
[DISNEY], NO. 53

BILLY RAY CHUBBS, AGE 46
SAN FRANCISCO

➔ I STARTED WORKING at Industrial Light & Magic in 2003 as a security guard and later became a receptionist for Lucasfilm. When the people in the ILM motion capture department needed someone to put on the motion capture suit for a demo, they were like, “Billy Ray, do you want to do this?” At first I was a bit reserved—I wasn’t sure if they wanted me to scream and yell and flex—but the guy who was directing said to let go because every little inflection shows up in the movements. I became like a big kid.

Three or four times a year they give me a call. Some stuff I’ve done was used in the *Transformers* movies. I was Megatron in some parts. I also did motion capture for the Hulk in *The Avengers*, particularly the scene where he jumps from a giant helicopter onto a plane. They had me run as fast as I could, jump off a platform, fly through the air, and land on another platform. When I saw that scene in the theater with my kids, we all cheered.
—As told to Laura Entis

CHIEF PLAY OFFICERTOYS "R" US, CANADA
NO. 240ÉMILE BURBIDGE, AGE 12
SAINT-BRUNO, QUEBEC

→ ON VALENTINE'S DAY, my parents gave me a chocolate bar. Inside the wrapper was a note: "Congratulations, Émile. You're the new CPO." I couldn't believe it. I now had the coolest job in the world.

Playing with toys for a living is great. When I applied for the job, I knew I was the best fit. I mean, I did have 12 years of experience, after all. Toys "R" Us sends me around 25 to 30 toys, four times a year. Sometimes these toys haven't even hit the shelves yet. I invite my friends to play with me so I can see the toys through their eyes too. Then I review them and do TV segments to help gift givers find the perfect toy.

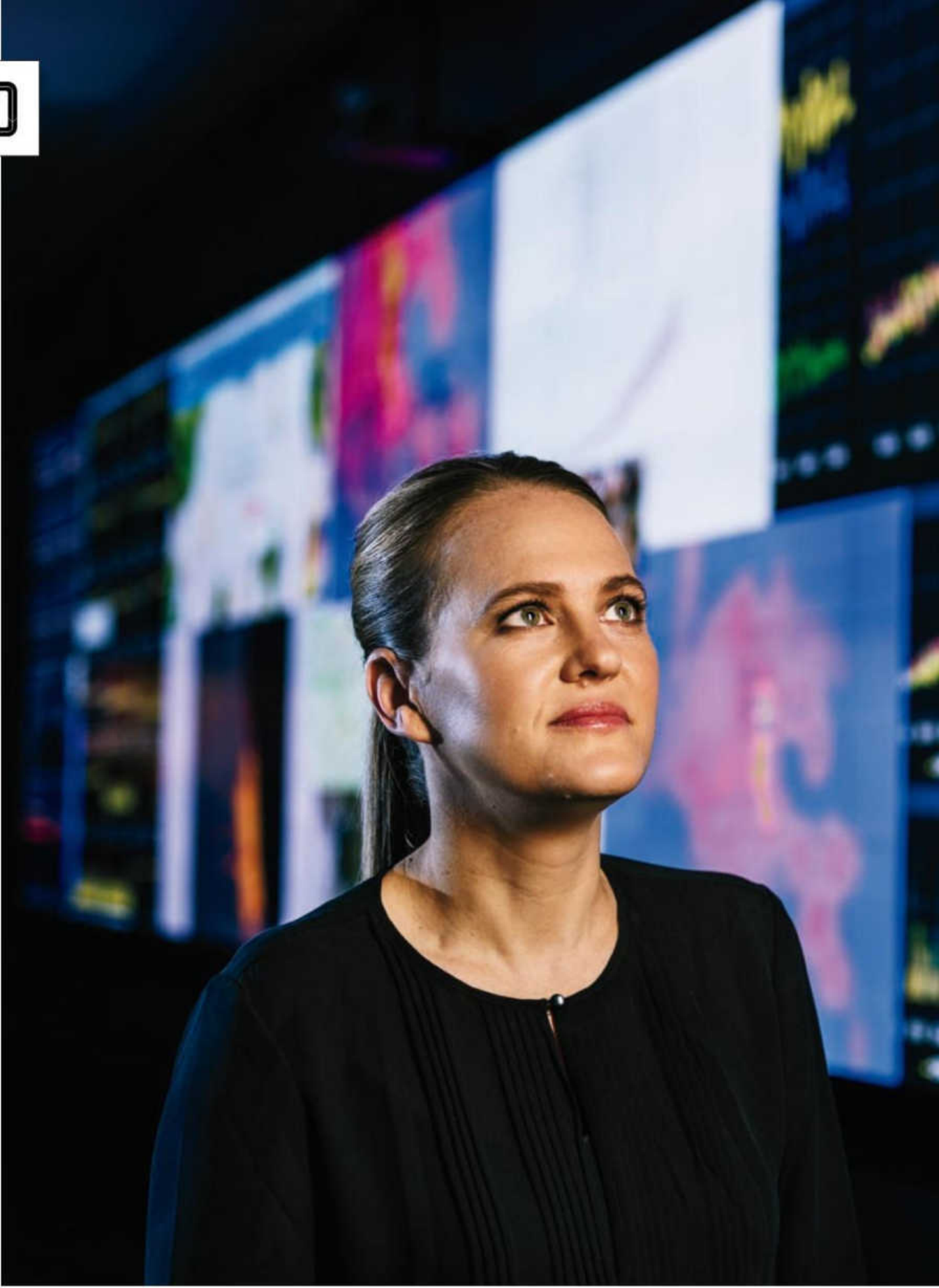
Being CPO has inspired me to be a computer engineer when I grow up so I can design games for children. I love toys because they never let me down. My favorite toy of all time is my pogo stick.

When I'm not working I play outside, go to school, and do gymnastics. But I always find time to play. Playing is a priority—just like homework.

—As told to Polina Marinova









GEOSPATIAL ANALYST

WALMART, NO. 1

HEATHER GAMPER, AGE 39
SUNNYVALE, CALIF.

→ **MY KIDS LOOK AT ME AS** this dot mapper. To them, all I do is look at maps with dots. It's not too far from the truth.

Here in the online grocery team at Walmart we look at how humans prefer to forage, or shop for food. We check different factors—traffic, population density, climate data. We try to understand the temporal dynamics. What time of day are people shopping? How far is a customer willing to travel to pick up what they ordered online?

Part of the reason I got this job is my interest in honeybees. When I moved to the Bay Area, I set up my own hives. One day I had people over, and someone saw my diploma and said, "You have a Ph.D. in geographic information systems? I thought you were just a beekeeper." That person turned out to be the director of Walmart online grocery.

I have been stung a lot. The most was 20 times at once. I was moving a colony at night, and bees don't like to be disturbed at night. The temporal element of beekeeping is critical.
—As told to Lauren Covello

HAIR AND MAKEUP: REBECCA RITZ—ARTIST UNITED AGENCY





MASTER CLAY MODELER

FORD, NO. 9

JAMES DUNHAM, AGE 59
DEARBORN, MICH.

→ **I'VE LIVED IN DETROIT** my whole life, and I've worked with cars my whole life. After high school I worked at an auto shop. I started at Ford in 1998 as a clay modeler and worked my way up to master modeler.

For each new car, we'll build two, three, even four full-size clay models and then refine it down to the final model. The process can take up to two years.

When I tell people what I do, I often get, "They can't do that on a computer?" But with a hologram, you can't see how light plays on the surface of the car. The executives need to see the car to evaluate it. It's an emotional thing. One of my proudest moments was 10 years ago when an executive pulled a handle on our model and tried to get in. He thought it was real, which was a huge compliment—although we did have to repair the handle.

It's cool to see a car I worked on driving around. Like the Ford Fusion—I just love that car, but it was a tough project. It will drive by and I'll think, I spent a year working on that shape.

—As told to Laura Entis

The SiS logo consists of the lowercase letters 's', 'i', and 's' in a white, sans-serif font, arranged vertically. The 'i' has a dot above it. The logo is set against a solid lime green rectangular background.

INTRODUCING
Fiello



Manufactured By: SiS Ergo
Project Design Lead By: Gensler

SISERGO.COM

SPONSORED CONTENT

OFFICE DESIGN FOR HEALTHY, HAPPY WORKERS

Wellness in the workplace equals
productive, engaged employees.

THE TREND STARTED WITH TECHNOLOGY COMPANIES.

Now it's everywhere: Open offices have proliferated across corporate America, muscling out individual offices and even cubicles as companies seek to increase collaboration, improve productivity, and, at the same time, cut costs.

Some open-office workers have discovered downsides to the arrangement, but those who are bothered by noise and distraction, or those who crave a little privacy, will soon get relief. A new generation of furniture designs for the workspace is addressing concerns of this nature—as well as basic employee health and well-being—and offering employers new ways to attract, retain, and even increase the productivity of their workers.

Products made for the changing workplace will go on display this month at the 48th annual NeoCon event at The Mart in Chicago. The most important commercial interiors show in North America, it is expected to draw 50,000 attendees during its three-day run on June 13–15. “Open offices are great,” says Byron Morton, The Mart’s vice president of leasing, “but people still need a place to do quiet, focused work, and people still need privacy.”

Programmed Nap Time

Commercial designers are devising innovative solutions to meet those needs. The show’s 450 exhibits, which also encompass products for restaurants, hotels, hospitals, and other non-office work sites, will

include sound-absorbing materials for walls, modular soundproofed environments in which up to four people can carry on a conversation, and special zero-gravity chairs with privacy features and built-in speakers that allow users to take preprogrammed 20-minute naps.

“Seven or eight years ago, green building was the big deal,” says Morton. “Sustainability is now a given. Today, wellness in the workplace is an ongoing evolution.” NeoCon’s keynote will be delivered by Paul Scialla, founder of the International WELL Building Institute, which has created certification standards for healthy buildings and work environments based on air, water, nourishment, light, fitness, and comfort.

Standing Meetings

Among the hottest products designed for employee well-being are adjustable-height desks. Their popularity has climbed in the wake of several studies in the last few years linking prolonged sitting to an increased risk of diabetes, heart disease, and early mortality. (A Mayo Clinic study compared sitting at a desk all day with smoking.) Standing conference tables can even make meetings more productive and improve employee performance, according to a 2014 study published in the journal *Social Psychological and Personality Science*.

However, many workstations with sit-to-stand capability have suffered from a slapdash, add-on approach, says

NeoCon

Scott McPartlin, president of SiS Ergo, a manufacturer and distributor of ergonomic

furniture, who points to "wires hanging down, monitors in the wrong position, the brackets interfering with the legs." The company, which began in Denmark almost 50 years ago by offering adjustable typewriter stands, occupies a permanent showroom in The Mart. It will introduce a new adjustable workstation at NeoCon, created in collaboration with the venerable design firm Gensler. Says McPartlin: "We are excited because Fiellø has been designed for the user and represents the transformation of a height-adjustable desk into a height-adjustable workstation."

Phoenix-based ESI Ergonomic Solutions, with a showroom on the 10th floor of the Chicago Merchandise Mart, is introducing new products that improve workplace productivity and well-being. The company is involved in research studies to determine the impact individual workstations have on productivity and well-being at work. ESI uses the research to develop flexible products that allow employees to adjust their workstation to fit their needs.



◀ Fiellø desk by SiS

reduced health costs and absenteeism, according to a survey on wellness initiatives conducted by Virgin HealthMiles Inc. Such upgrades are also beneficial in recruiting and retaining talent. "It's a new marker for the amenities equation," says Steve Meier, who directs an interdisciplinary workplace studio at Gensler. "As millennials and recent grads look at workplaces, they'll ask, 'Are you progressive in terms of appropriate food facilities and standing workstations?'"

Design experts agree that millennials are driving the evolution in office environments. Still, older workers stand to benefit as much—or more. A study presented at the 2014 ErgoExpo conference found that people 25 to 30 years old and 60 to 65 years old stand the most at work. "It's an issue for everyone," says Meier. "Just as with residences, we'll have to design workplaces for aging in place." ●

"When it comes to workstations and how people prefer to work, one size does not fit all," says ESI CEO Carol Keogh. "Providing employees with work tools that make them comfortable and more efficient at work is a simple way to achieve positive long-term benefits."

The Case for Wellness Upgrades

Companies that make workplace wellness upgrades are likely to experience

Improve Productivity & Well-being at Work



Adjustable Monitor Arms



Sit-to-Stand Desks



Flexible Keyboard Trays

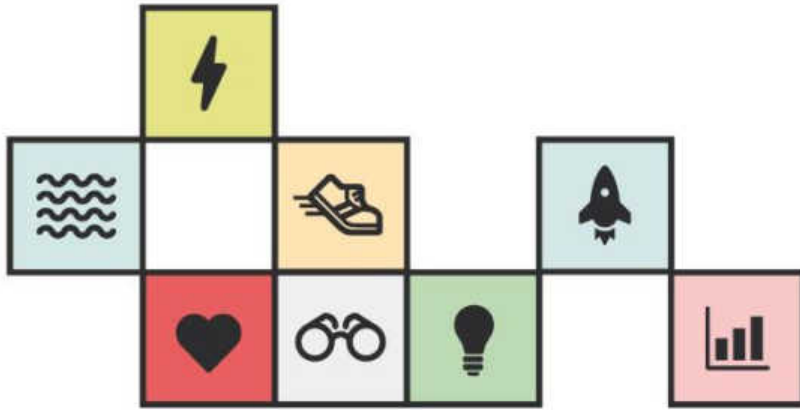


LED Desktop Lighting



esi ergonomic solutions
Workplace comfort. Simplified.

48HOUR SHIPPING



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Progress has never been won without visionary struggle. It smiles on those who embrace the realities of the day and question yesterday's best practices when *best* and *practices* are changing at breakneck speed. And it rewards those willing to evolve their everyday activities with a revered place in all of ours.

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PHOTOGRAPH BY THE VOORHES

NO. 189

Agriculture giant
Monsanto spent
\$1.6 billion on
R&D last year.



The Microsoft Cloud is
empowering business.

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 Microsoft Cloud

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NO. 85

More than
\$1 trillion was
charged on
American
Express cards
in 2015.



PHOTOGRAPH BY BARTHOLOMEW COOKE



This cloud helps Temenos open doors

of opportunity.

The Microsoft Cloud has helped Temenos lower the cost of borrowing by 90%. By putting their core banking software in the cloud, microfinance institutions are able to reduce the need for infrastructure and management. In turn, this opens the doors of opportunity for millions of underbanked people all over the globe.

This is the Microsoft Cloud.

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POST-PRODUCTION: SIXLAB

PHOTOGRAPH BY JEFFREY MILSTEIN

NO. 498

New orders jumped 14% in 2015 for homebuilder NVR, which operates in 14 states.



This cloud enables AccuWeather to stand up

to any storm.

Microsoft Azure scales to enable AccuWeather to respond to 10 billion requests for crucial weather data per day. This cloud rises to the challenge when the weather is at its worst.

This is the Microsoft Cloud.

FORTUNE

JUNE 15, 2016
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PHOTOGRAPH BY EDWARD TATE

ILLUSTRATION BY IAN WRIGHT

NO. 304

Hormel
Foods, maker
of Spam
canned meat,
celebrates
its 125th
anniversary
this year.



This cloud helps Special Olympics

redefine winning.

The Microsoft Cloud gives Special Olympics instant access to key performance and health data for every athlete, no matter where they are. Microsoft Azure and Office 365 help streamline the management of 94,000 events across 170 countries each year. So the focus can be on changing the lives of athletes, and that's the true victory.

This is the Microsoft Cloud.

FORTUNE

JUNE 15, 2016
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NO. 379

Netflix will
spend \$5
billion on TV
and movie
programming
this year.

ILLUSTRATION BY JUSTIN METZ



This cloud is helping

cure cancer.

Research that once took years now happens in hours. Using Microsoft Azure and HDInsight, scientists and engineers at Virginia Tech harness supercomputing power to analyze vast amounts of DNA sequencing data and help deliver lifesaving treatments. This cloud makes data make a difference.

This is the Microsoft Cloud.

THE LISTS

TO SEE COMPANIES FROM 501 TO 1,000, VISIT FORTUNE.COM.



F·1

THE 500 LARGEST U.S. CORPORATIONS

F·23

ARRIVALS AND DEPARTURES

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COMPANY PERFORMANCE

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THE 500 RANKED WITHIN INDUSTRIES

F·37

THE 500 RANKED WITHIN STATES

F·43

INDEX

LARGEST U.S. CORPORATIONS



NO. 18 AMAZON .COM

The online book retailer that CEO Jeff Bezos built has turned into an e-commerce giant, reaching \$100 billion in annual sales faster than any other company. Amazon's cloud-computing business, Amazon Web Services, brought in nearly \$8 billion in sales in 2015. —Jonathan Chew

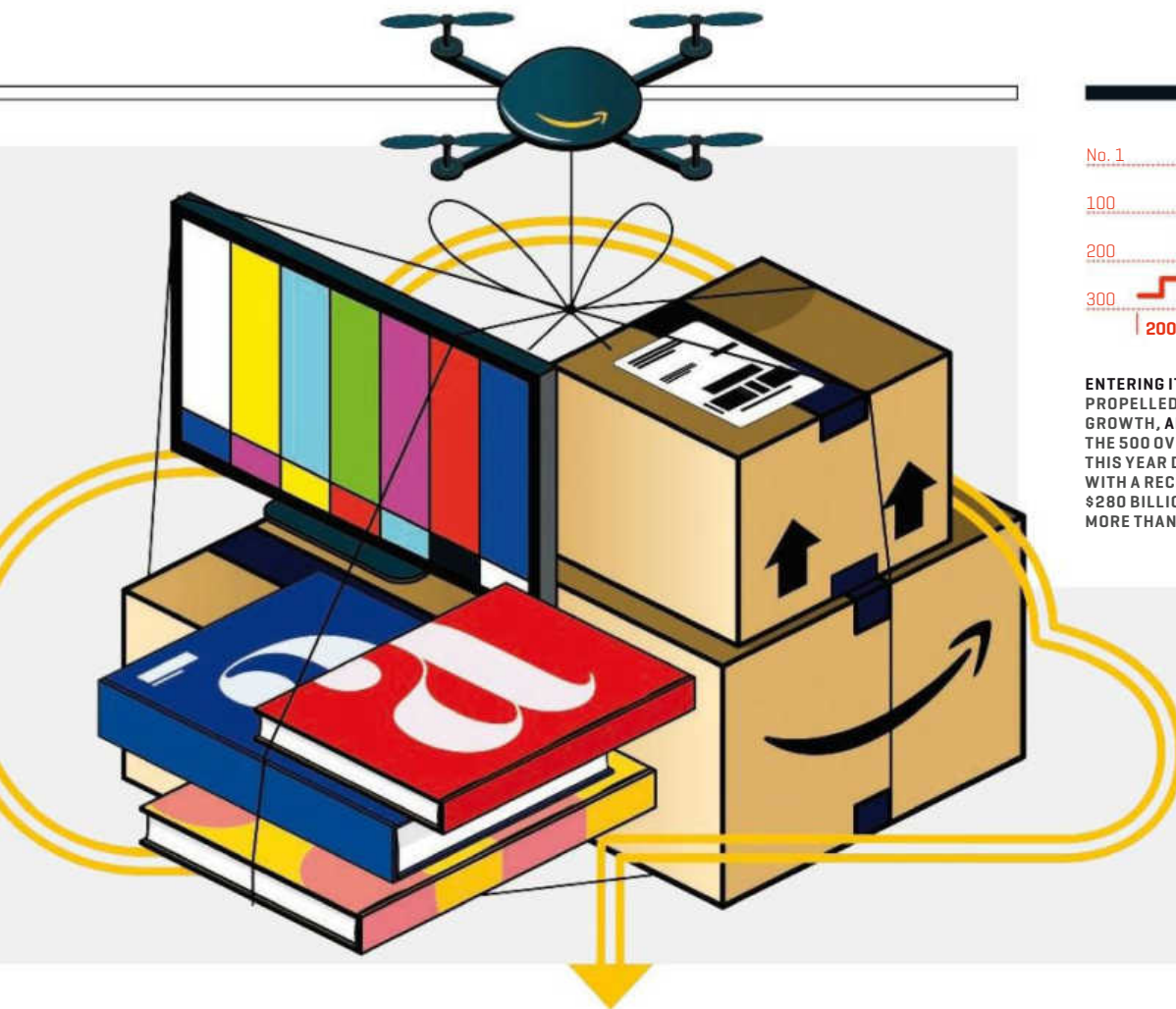
WALMART took the top spot for the fourth straight year despite a dip in revenues.

APPLE moved up to No. 3 and led all companies with \$53 billion in profits.

And **FACEBOOK** continued its ascent, jumping 85 spots to No. 157 with nearly \$18 billion in sales.

1-20 / 500

| RANK 2015 | 2014 | | REVENUES | | PROFITS | | ASSETS | | STOCKHOLDERS' EQUITY | | |
|--------------|------|--|------------------------|--------------------|-------------|------|--------------------|-------------|----------------------|-------------|------|
| | | | \$ millions | % change from 2014 | \$ millions | Rank | % change from 2014 | \$ millions | Rank | \$ millions | Rank |
| 1 | 1 | WAL-MART STORES <i>Bentonville, Ark.</i> ¹ | 482,130.0 | (0.7) | 14,694.0 | 12 | (10.2) | 199,581.0 | 36 | 80,546.0 | 15 |
| 2 | 2 | EXXON MOBIL <i>Irving, Texas</i> | 246,204.0 ^e | [35.6] | 16,150.0 | 9 | [50.3] | 336,758.0 | 19 | 170,811.0 | 6 |
| 3 | 5 | APPLE <i>Cupertino, Calif.</i> ² | 233,715.0 | 27.9 | 53,394.0 | 1 | 35.1 | 290,479.0 | 21 | 119,355.0 | 10 |
| 4 | 4 | BERKSHIRE HATHAWAY <i>Omaha, Neb.</i> ³ | 210,821.0 | 8.3 | 24,083.0 | 3 | 21.2 | 552,257.0 | 11 | 255,550.0 | 2 |
| 5 | 11 | MCKESSON <i>San Francisco, Calif.</i> ⁴ | 181,241.0 ^a | 31.3 | 1,476.0 | 147 | 16.9 | 53,870.0 | 102 | 8,001.0 | 175 |
| 6 | 14 | UNITEDHEALTH GROUP <i>Minnetonka, Minn.</i> | 157,107.0 | 20.4 | 5,813.0 | 42 | 3.5 | 111,383.0 | 61 | 33,830.0 | 41 |
| 7 | 10 | CVS HEALTH <i>Woonsocket, R.I.</i> ⁵ | 153,290.0 | 10.0 | 5,237.0 | 48 | 12.8 | 93,657.0 | 73 | 37,196.0 | 38 |
| 8 | 6 | GENERAL MOTORS <i>Detroit, Mich.</i> | 152,356.0 | [2.3] | 9,687.0 | 19 | 145.3 | 194,520.0 | 37 | 39,871.0 | 34 |
| 9 | 9 | FORD MOTOR <i>Dearborn, Mich.</i> | 149,558.0 | 3.8 | 7,373.0 | 27 | 131.3 | 224,925.0 | 32 | 28,642.0 | 45 |
| 10 | 12 | AT&T <i>Dallas, Texas</i> ⁶ | 146,801.0 | 10.8 | 13,345.0 | 13 | 114.4 | 402,672.0 | 16 | 122,671.0 | 8 |
| 11 | 8 | GENERAL ELECTRIC <i>Fairfield, Conn.</i> | 140,389.0 ^a | [5.3] | [6,126.0] | 493 | [140.2] | 492,692.0 | 14 | 98,274.0 | 11 |
| 12 | 16 | AMERISOURCEBERGEN <i>Chesterbrook, Pa.</i> ² | 135,961.8 | 13.7 | [134.9] | 456 | [148.8] | 27,736.2 | 188 | 633.5 | 455 |
| 13 | 15 | VERIZON COMMUNICATIONS <i>New York, N.Y.</i> | 131,620.0 | 3.6 | 17,879.0 | 6 | 85.8 | 244,640.0 | 27 | 16,428.0 | 93 |
| 14 | 3 | CHEVRON <i>San Ramon, Calif.</i> | 131,118.0 ^e | [35.7] | 4,587.0 | 56 | [76.2] | 266,103.0 | 24 | 152,716.0 | 7 |
| 15 | 18 | COSTCO WHOLESALE <i>Issaquah, Wash.</i> ⁷ | 116,199.0 | 3.2 | 2,377.0 | 96 | 15.5 | 33,440.0 | 163 | 10,617.0 | 141 |
| 16 | 17 | FANNIE MAE <i>Washington, D.C.</i> ⁸ | 110,359.0 | [5.2] | 10,954.0 | 17 | [22.9] | 3,221,917.0 | 1 | 4,030.0 | 280 |
| 17 | 20 | KROGER <i>Cincinnati, Ohio</i> ¹ | 109,830.0 | 1.3 | 2,039.0 | 114 | 18.0 | 33,897.0 | 162 | 6,820.0 | 200 |
| 18 | 29 | AMAZON.COM <i>Seattle, Wash.</i> | 107,006.0 | 20.2 | 596.0 | 272 | — | 65,444.0 | 90 | 13,384.0 | 112 |
| 19 | 35 | WALGREENS BOOTS ALLIANCE <i>Deerfield, Ill.</i> ^{7,9} | 103,444.0 | 35.4 | 4,220.0 | 63 | 118.4 | 68,782.0 | 88 | 30,861.0 | 43 |
| 20 | 19 | HP <i>Palo Alto, Calif.</i> ^{10,11} | 103,355.0 | [7.3] | 4,554.0 | 57 | [9.2] | 106,882.0 | 64 | 27,768.0 | 49 |



ENTERING ITS PRIME
 PROPELLED BY 29% ANNUAL SALES GROWTH, AMAZON HAS ROCKETED UP THE 500 OVER THE PAST DECADE AND THIS YEAR DEBUTS IN THE TOP 20. WITH A RECENT MARKET VALUE OF \$280 BILLION, IT'S ALREADY WORTH MORE THAN NO. 1 WALMART.

15000

| MARKET VALUE 3/31/16 | | PROFITS AS % OF... | | | | | EARNINGS PER SHARE | | | | TOTAL RETURN TO INVESTORS | | | | Industry table number | RANK 2015 | |
|-------------------------|------|--------------------|---------------|-----------------------------|---------|--------------------|--------------------------------|-----------|---------|-------------------------|---------------------------|--------|------|--------|-----------------------|-----------|----|
| \$ millions | Rank | Revenues % Rank | Assets % Rank | Stockholders' equity % Rank | 2015 \$ | % change from 2014 | 2005-2015 annual growth rate % | 2015 % | Rank | 2005-2015 annual rate % | Rank | 2015 % | Rank | | | | |
| 215,355.5 | 15 | 3.0 | 341 | 7.4 | 130 | 18.2 | 170 | 4.57 | (9.5) | 5.5 | 193 | (26.8) | 382 | 5.0 | 267 | 25 | 1 |
| 347,128.9 | 5 | 6.6 | 239 | 4.8 | 222 | 9.5 | 318 | 3.85 | (49.3) | (3.9) | 297 | (12.6) | 301 | 5.9 | 252 | 48 | 2 |
| 604,304.1 | 1 | 22.8 | 25 | 18.4 | 11 | 44.7 | 42 | 9.22 | 42.9 | 45.2 | 1 | (3.0) | 235 | 27.1 | 4 | 11 | 3 |
| 350,279.1 | 4 | 11.4 | 124 | 4.4 | 244 | 9.4 | 320 | 14,656.00 | 21.2 | 10.2 | 110 | (12.5) | 299 | 8.4 | 190 | 38 | 4 |
| 35,945.3 | 118 | 0.8 | 424 | 2.7 | 315 | 18.4 | 168 | 6.27 | 15.9 | - | | (4.5) | 247 | 15.2 | 58 | 70 | 5 |
| 122,541.9 | 34 | 3.7 | 322 | 5.2 | 203 | 17.2 | 181 | 6.01 | 5.4 | 9.3 | 129 | 18.2 | 74 | 7.6 | 217 | 26 | 6 |
| 113,946.5 | 35 | 3.4 | 333 | 5.6 | 186 | 14.1 | 226 | 4.63 | 16.9 | 12.3 | 72 | 2.9 | 178 | 15.3 | 57 | 20 | 7 |
| 48,543.4 | 89 | 6.4 | 241 | 5.0 | 209 | 24.3 | 116 | 5.91 | 258.2 | - | | 1.4 | 194 | - | | 44 | 8 |
| 53,757.9 | 78 | 4.9 | 277 | 3.3 | 294 | 25.7 | 105 | 1.84 | 130.0 | 5.8 | 189 | (5.4) | 251 | 7.8 | 211 | 44 | 9 |
| 240,942.9 | 11 | 9.1 | 169 | 3.3 | 292 | 10.9 | 281 | 2.37 | 99.2 | 5.3 | 198 | 8.2 | 139 | 9.0 | 165 | 59 | 10 |
| 295,174.3 | 8 | (4.4) | 472 | (1.2) | 462 | (6.2) | 451 | (0.61) | (140.7) | - | | 27.6 | 40 | 2.5 | 311 | 33 | 11 |
| 19,510.5 | 196 | (0.1) | 447 | (0.5) | 450 | (21.3) | 462 | (0.62) | (153.0) | - | | 16.4 | 83 | 19.1 | 29 | 70 | 12 |
| 220,646.4 | 13 | 13.6 | 87 | 7.3 | 135 | 108.8 | 18 | 4.37 | 80.6 | 5.1 | 201 | 3.5 | 173 | 10.8 | 126 | 59 | 13 |
| 179,653.1 | 19 | 3.5 | 329 | 1.7 | 363 | 3.0 | 416 | 2.45 | (75.8) | (9.4) | 319 | (16.0) | 329 | 8.4 | 191 | 48 | 14 |
| 69,183.1 | 56 | 2.0 | 381 | 7.1 | 139 | 22.4 | 128 | 5.37 | 15.5 | 9.4 | 124 | 19.0 | 71 | 15.0 | 60 | 58 | 15 |
| 1,621.3 | 443 | 9.9 | 149 | 0.3 | 435 | 271.8 | 5 | (0.05) | - | - | | (20.2) | 354 | (28.1) | 392 | 13 | 16 |
| 36,814.9 | 114 | 1.9 | 387 | 6.0 | 169 | 29.9 | 79 | 2.06 | 19.8 | 12.1 | 75 | 31.7 | 28 | 17.8 | 34 | 20 | 17 |
| 279,510.7 | 9 | 0.6 | 432 | 0.9 | 399 | 4.5 | 404 | 1.25 | - | 4.1 | 222 | 117.8 | 2 | 30.5 | 3 | 39 | 18 |
| 90,873.6 | 45 | 4.1 | 308 | 6.1 | 165 | 13.7 | 232 | 4.00 | 100.0 | 10.2 | 112 | 13.6 | 104 | 8.6 | 181 | 20 | 19 |
| 21,272.4 | 185 | 4.4 | 299 | 4.3 | 248 | 16.4 | 192 | 2.48 | (5.3) | 11.7 | 85 | (38.3) | 424 | (0.2) | 338 | 11 | 20 |



NO. 24 BOEING

The airplane manufacturer soared to record revenues of \$96.1 billion last year. A \$480 billion backlog of commercial plane orders, built up as Boeing struggled to meet demand for its 787 Dreamliner, is offsetting lower defense sales. —J.C.

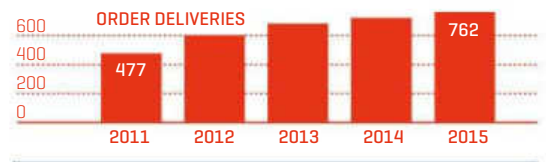
21-68 / 500

| RANK 2015 | 2014 | | REVENUES | | PROFITS | | | ASSETS | | STOCKHOLDERS' EQUITY | |
|--------------|------|--|-----------------------|--------------------|-------------|------|--------------------|-------------|------|----------------------|------|
| | | | \$ millions | % change from 2014 | \$ millions | Rank | % change from 2014 | \$ millions | Rank | \$ millions | Rank |
| 21 | 26 | CARDINAL HEALTH <i>Dublin, Ohio</i> ¹² | 102,531.0 | 12.6 | 1,215.0 | 173 | 4.2 | 30,142.0 | 178 | 6,256.0 | 210 |
| 22 | 22 | EXPRESS SCRIPTS HOLDING <i>St. Louis, Mo.</i> | 101,751.8 | 0.9 | 2,476.4 | 93 | 23.4 | 53,243.3 | 104 | 17,372.8 | 89 |
| 23 | 21 | JPMORGAN CHASE & CO. <i>New York, N.Y.</i> | 101,006.0 | (1.1) | 24,442.0 | 2 | 12.3 | 2,351,698.0 | 2 | 247,573.0 | 3 |
| 24 | 27 | BOEING <i>Chicago, Ill.</i> | 96,114.0 | 5.9 | 5,176.0 | 49 | (5.0) | 94,408.0 | 72 | 6,335.0 | 207 |
| 25 | 31 | MICROSOFT <i>Redmond, Wash.</i> ¹² | 93,580.0 | 7.8 | 12,193.0 | 15 | (44.8) | 176,223.0 | 41 | 80,083.0 | 16 |
| 26 | 23 | BANK OF AMERICA CORP. <i>Charlotte, N.C.</i> | 93,056.0 | (2.2) | 15,888.0 | 10 | 228.7 | 2,144,316.0 | 3 | 256,205.0 | 1 |
| 27 | 30 | WELLS FARGO <i>San Francisco, Calif.</i> | 90,033.0 | 1.9 | 22,894.0 | 4 | (0.7) | 1,787,632.0 | 5 | 192,998.0 | 5 |
| 28 | 33 | HOME DEPOT <i>Atlanta, Ga.</i> ¹ | 88,519.0 | 6.4 | 7,009.0 | 32 | 10.5 | 42,549.0 | 134 | 6,316.0 | 209 |
| 28 | 28 | CITIGROUP <i>New York, N.Y.</i> | 88,275.0 | (2.6) | 17,242.0 | 7 | 135.8 | 1,731,210.0 | 6 | 221,857.0 | 4 |
| 30 | 7 | PHILLIPS 66 <i>Houston, Texas</i> | 87,169.0 ^e | (41.7) | 4,227.0 | 62 | (11.2) | 48,580.0 | 121 | 23,100.0 | 61 |
| 31 | 24 | INTERNATIONAL BUSINESS MACHINES <i>Armonk, N.Y.</i> | 82,461.0 ^a | (12.4) | 13,190.0 | 14 | 9.7 | 110,495.0 | 63 | 14,262.0 | 105 |
| 32 | 13 | VALERO ENERGY <i>San Antonio, Texas</i> | 81,824.0 ^e | (34.5) | 3,990.0 | 66 | 9.9 | 44,343.0 | 131 | 20,527.0 | 71 |
| 33 | 38 | ANTHEM <i>Indianapolis, Ind.</i> | 79,156.5 | 7.2 | 2,560.0 | 88 | (0.4) | 61,717.8 | 95 | 23,044.1 | 62 |
| 34 | 32 | PROCTER & GAMBLE <i>Cincinnati, Ohio</i> ¹² | 78,756.0 ^a | (6.8) | 7,036.0 | 31 | (39.6) | 129,495.0 | 54 | 62,419.0 | 22 |
| 35 | 41 | STATE FARM INSURANCE COS. <i>Bloomington, Ill.</i> | 75,696.6 | 6.4 | 6,228.6 | 38 | 48.6 | 241,182.9 | 28 | 82,659.8 | 14 |
| 36 | 40 | ALPHABET <i>Mountain View, Calif.</i> ¹³ | 74,989.0 | 4.9 | 16,348.0 | 8 | 15.6 | 147,461.0 | 46 | 120,331.0 | 9 |
| 37 | 43 | COMCAST <i>Philadelphia, Pa.</i> | 74,510.0 | 8.3 | 8,163.0 | 23 | (2.6) | 166,574.0 | 43 | 52,269.0 | 25 |
| 38 | 36 | TARGET <i>Minneapolis, Minn.</i> ¹ | 73,785.0 | (1.0) | 3,363.0 | 74 | — | 40,262.0 | 141 | 12,957.0 | 116 |
| 39 | 37 | JOHNSON & JOHNSON <i>New Brunswick, N.J.</i> | 70,074.0 | (5.7) | 15,409.0 | 11 | (5.6) | 133,411.0 | 53 | 71,150.0 | 18 |
| 40 | 39 | METLIFE <i>New York, N.Y.</i> | 69,951.0 | (4.6) | 5,310.0 | 45 | (15.8) | 877,933.0 | 7 | 67,949.0 | 19 |
| 41 | 34 | ARCHER DANIELS MIDLAND <i>Chicago, Ill.</i> | 67,702.0 | (16.6) | 1,849.0 | 129 | (17.7) | 40,157.0 | 143 | 17,899.0 | 84 |
| 42 | 25 | MARATHON PETROLEUM <i>Findlay, Ohio</i> | 64,566.0 ^e | (29.4) | 2,852.0 | 83 | 13.0 | 43,115.0 | 133 | 13,237.0 | 113 |
| 43 | 42 | FREDDIE MAC <i>McLean, Va.</i> ⁸ | 63,491.0 | (8.5) | 6,376.0 | 36 | (17.1) | 1,986,050.0 | 4 | 2,940.0 | 320 |
| 44 | 44 | PEPSICO <i>Purchase, N.Y.</i> | 63,056.0 | (5.4) | 5,452.0 | 44 | (16.3) | 69,667.0 | 87 | 11,923.0 | 129 |
| 45 | 45 | UNITED TECHNOLOGIES <i>Farmington, Conn.</i> | 61,047.0 ^a | (6.2) | 7,608.0 | 26 | 22.3 | 87,484.0 | 76 | 27,358.0 | 51 |
| 46 | 49 | AETNA <i>Hartford, Conn.</i> | 60,336.5 | 4.0 | 2,390.2 | 95 | 17.1 | 53,424.1 | 103 | 16,114.3 | 96 |
| 47 | 50 | LOWE'S <i>Mooresville, N.C.</i> ¹ | 59,074.0 | 5.1 | 2,546.0 | 90 | (5.6) | 31,266.0 | 174 | 7,654.0 | 180 |
| 48 | 47 | UNITED PARCEL SERVICE <i>Atlanta, Ga.</i> | 58,363.0 | 0.2 | 4,844.0 | 52 | 59.8 | 38,311.0 | 147 | 2,470.0 | 346 |
| 48 | 46 | AMERICAN INTERNATIONAL GROUP <i>New York, N.Y.</i> | 58,327.0 | (9.4) | 2,196.0 | 104 | (70.8) | 496,943.0 | 13 | 89,658.0 | 12 |
| 50 | 55 | PRUDENTIAL FINANCIAL <i>Newark, N.J.</i> | 57,119.0 | 5.5 | 5,642.0 | 43 | 308.5 | 757,388.0 | 10 | 41,890.0 | 33 |
| 51 | 52 | INTEL <i>Santa Clara, Calif.</i> | 55,355.0 | (0.9) | 11,420.0 | 16 | (2.4) | 103,065.0 | 67 | 61,085.0 | 23 |
| 52 | 58 | HUMANA <i>Louisville, Ky.</i> | 54,289.0 | 11.9 | 1,276.0 | 165 | 11.2 | 24,705.0 | 204 | 10,346.0 | 146 |
| 53 | 57 | WALT DISNEY <i>Burbank, Calif.</i> ² | 52,465.0 | 7.5 | 8,382.0 | 21 | 11.7 | 88,182.0 | 75 | 44,525.0 | 31 |
| 54 | 60 | CISCO SYSTEMS <i>San Jose, Calif.</i> ¹⁴ | 49,161.0 | 4.3 | 8,981.0 | 20 | 14.4 | 113,481.0 | 60 | 59,698.0 | 24 |
| 55 | 56 | PFIZER <i>New York, N.Y.</i> ¹⁵ | 48,851.0 | (1.5) | 6,960.0 | 33 | (23.8) | 167,460.0 | 42 | 64,720.0 | 21 |
| 56 | 48 | DOW CHEMICAL <i>Midland, Mich.</i> | 48,778.0 | (16.1) | 7,685.0 | 24 | 103.7 | 68,026.0 | 89 | 25,374.0 | 55 |
| 57 | 61 | SYSCO <i>Houston, Texas</i> ¹² | 48,680.8 | 4.7 | 686.8 | 250 | (26.3) | 17,989.3 | 249 | 5,260.2 | 236 |
| 58 | 65 | FEDEX <i>Memphis, Tenn.</i> ¹⁶ | 47,453.0 | 4.1 | 1,050.0 | 186 | (49.9) | 37,069.0 | 150 | 14,993.0 | 100 |
| 59 | 54 | CATERPILLAR <i>Peoria, Ill.</i> | 47,011.0 | (14.8) | 2,102.0 | 109 | (43.1) | 78,497.0 | 81 | 14,809.0 | 102 |
| 60 | 64 | LOCKHEED MARTIN <i>Bethesda, Md.</i> | 46,132.0 | 1.2 | 3,605.0 | 70 | (0.2) | 49,128.0 | 118 | 3,097.0 | 316 |
| 61 | 80 | NEW YORK LIFE INSURANCE <i>New York, N.Y.</i> | 45,890.6 | 18.6 | 256.6 | 372 | (84.0) | 271,668.4 | 22 | 19,495.9 | 76 |
| 62 | 63 | COCA-COLA <i>Atlanta, Ga.</i> | 44,294.0 | (3.7) | 7,351.0 | 28 | 3.6 | 90,093.0 | 74 | 25,554.0 | 54 |
| 63 | 75 | HCA HOLDINGS <i>Nashville, Tenn.</i> | 43,591.0 | 8.7 | 2,129.0 | 107 | 13.5 | 32,744.0 | 167 | (7,599.0) | 497 |
| 64 | 62 | INGRAM MICRO <i>Irvine, Calif.</i> | 43,025.9 | (7.4) | 215.1 | 383 | (19.3) | 12,307.3 | 309 | 3,967.8 | 285 |
| 65 | 53 | ENERGY TRANSFER EQUITY <i>Dallas, Texas</i> ^p | 42,126.0 | (24.4) | 1,189.0 | 176 | 87.8 | 71,189.0 | 85 | (932.0) | 488 |
| 66 | 83 | TYSON FOODS <i>Springdale, Ark.</i> ² | 41,373.0 | 10.1 | 1,220.0 | 172 | 41.2 | 23,004.0 | 215 | 9,691.0 | 155 |
| 67 | 70 | AMERICAN AIRLINES GROUP <i>Fort Worth, Texas</i> | 40,990.0 | (3.9) | 7,610.0 | 25 | 164.1 | 48,415.0 | 122 | 5,635.0 | 225 |
| 68 | 73 | DELTA AIR LINES <i>Atlanta, Ga.</i> | 40,704.0 | 0.8 | 4,526.0 | 59 | 586.8 | 53,134.0 | 106 | 10,850.0 | 139 |

DEFINITIONS, EXPLANATIONS, AND FOOTNOTES ARE ON PAGE F-24.



FLYING HIGH
 THE COMPANY DELIVERED A RECORD 762 COMMERCIAL AIRPLANES IN 2015, OR A 60% INCREASE FROM FOUR YEARS EARLIER. BOEING, WHICH TURNS 100 THIS YEAR, IS PROMISING HIGHER CASH FLOW AS IT CONTINUES TO RAMP UP PRODUCTION.



SOURCE: BOEING

| MARKET VALUE 3/31/16 | | PROFITS AS % OF ... | | | | | | EARNINGS PER SHARE | | | | TOTAL RETURN TO INVESTORS | | | | Industry table number | RANK 2015 | | |
|-------------------------|------|---------------------|------|--------|------|----------------------|------|--------------------|--------------------|------------------------------|------|---------------------------|------|-----------------------|------|-----------------------|-----------|--|--|
| \$ millions | Rank | Revenues | | Assets | | Stockholders' equity | | 2015 \$ | % change from 2014 | 2005-2015 annual growth rate | | 2015 % | Rank | 2005-2015 annual rate | | % | Rank | | |
| | | % | Rank | % | Rank | % | Rank | | | % | Rank | | | % | Rank | | | | |
| 26,988.5 | 144 | 1.2 | 410 | 4.0 | 264 | 19.4 | 156 | 3.62 | 7.1 | 4.2 | 221 | 12.6 | 110 | 7.8 | 208 | 70 | 21 | | |
| 43,467.3 | 98 | 2.4 | 365 | 4.7 | 229 | 14.3 | 219 | 3.56 | 34.8 | 18.2 | 32 | 3.2 | 177 | 15.4 | 56 | 28 | 22 | | |
| 217,353.1 | 14 | 24.2 | 22 | 1.0 | 389 | 9.9 | 306 | 6.00 | 13.4 | 9.7 | 119 | 8.4 | 136 | 7.9 | 206 | 8 | 23 | | |
| 82,645.0 | 49 | 5.4 | 269 | 5.5 | 192 | 81.7 | 22 | 7.44 | 0.8 | 8.8 | 136 | 14.1 | 97 | 10.0 | 143 | 2 | 24 | | |
| 436,830.8 | 3 | 13.0 | 97 | 6.9 | 147 | 15.2 | 205 | 1.48 | (43.7) | 2.8 | 237 | 22.8 | 57 | 10.3 | 139 | 10 | 25 | | |
| 139,602.5 | 30 | 17.1 | 50 | 0.7 | 410 | 6.2 | 389 | 1.31 | 263.9 | (10.7) | 321 | (4.8) | 249 | (7.6) | 374 | 8 | 26 | | |
| 244,568.4 | 10 | 25.4 | 18 | 1.3 | 376 | 11.9 | 263 | 4.12 | 0.5 | 6.2 | 179 | 1.9 | 187 | 8.8 | 176 | 8 | 27 | | |
| 167,181.3 | 21 | 7.9 | 199 | 16.5 | 18 | 111.0 | 17 | 5.46 | 15.9 | 7.2 | 157 | 28.5 | 37 | 15.4 | 55 | 58 | 28 | | |
| 122,796.1 | 32 | 19.5 | 39 | 1.0 | 393 | 7.8 | 357 | 5.40 | 145.5 | (19.5) | 330 | (4.1) | 243 | (18.7) | 389 | 8 | 29 | | |
| 45,565.9 | 93 | 4.8 | 282 | 8.7 | 98 | 18.3 | 169 | 7.73 | (7.2) | - | - | 17.2 | 79 | - | - | 48 | 30 | | |
| 145,525.4 | 28 | 16.0 | 61 | 11.9 | 52 | 92.5 | 20 | 13.42 | 12.8 | 10.7 | 106 | (11.4) | 289 | 7.3 | 222 | 34 | 31 | | |
| 30,131.6 | 135 | 4.9 | 280 | 9.0 | 88 | 19.4 | 155 | 7.99 | 16.6 | 2.7 | 239 | 46.8 | 9 | 6.0 | 251 | 48 | 32 | | |
| 36,325.3 | 116 | 3.2 | 336 | 4.1 | 256 | 11.1 | 274 | 9.38 | 4.3 | 9.1 | 131 | 12.8 | 108 | 6.6 | 238 | 26 | 33 | | |
| 222,612.8 | 12 | 8.9 | 170 | 5.4 | 195 | 11.3 | 273 | 2.44 | (39.2) | (0.9) | 275 | (9.9) | 279 | 6.2 | 246 | 32 | 34 | | |
| - | - | 8.2 | 191 | 2.6 | 324 | 7.5 | 364 | - | - | - | - | - | - | - | - | 37 | 35 | | |
| 525,119.2 | 2 | 21.8 | 31 | 11.1 | 61 | 13.6 | 234 | 22.84 | 11.0 | 24.7 | 13 | 46.6 | 11 | 14.1 | 74 | 39 | 36 | | |
| 149,181.7 | 26 | 11.0 | 132 | 4.9 | 216 | 15.6 | 203 | 3.24 | 1.3 | 27.7 | 9 | (1.1) | 217 | 14.1 | 75 | 59 | 37 | | |
| 49,366.5 | 86 | 4.6 | 289 | 8.4 | 106 | 26.0 | 102 | 5.31 | - | 7.0 | 163 | (1.6) | 221 | 4.8 | 268 | 25 | 38 | | |
| 298,562.7 | 7 | 22.0 | 29 | 11.6 | 57 | 21.7 | 136 | 5.48 | (3.9) | 4.7 | 210 | 1.2 | 197 | 8.8 | 177 | 49 | 39 | | |
| 48,187.5 | 90 | 7.6 | 209 | 0.6 | 418 | 7.8 | 356 | 4.57 | (15.7) | (2.9) | 290 | (8.2) | 271 | 1.9 | 319 | 36 | 40 | | |
| 21,319.6 | 184 | 2.7 | 353 | 4.6 | 232 | 10.3 | 297 | 2.98 | (13.1) | 6.5 | 172 | (27.6) | 384 | 6.1 | 249 | 22 | 41 | | |
| 19,676.7 | 195 | 4.4 | 297 | 6.6 | 157 | 21.5 | 138 | 5.26 | 19.8 | - | - | 17.5 | 78 | - | - | 48 | 42 | | |
| 871.1 | 456 | 10.0 | 147 | 0.3 | 436 | 216.9 | 6 | (0.01) | - | - | - | (21.4) | 362 | (30.3) | 393 | 13 | 43 | | |
| 149,752.7 | 25 | 8.6 | 178 | 7.8 | 119 | 45.7 | 41 | 3.67 | (14.1) | 4.4 | 217 | 8.8 | 133 | 8.3 | 195 | 21 | 44 | | |
| 83,726.8 | 48 | 12.5 | 106 | 8.7 | 99 | 27.8 | 92 | 8.61 | 26.2 | 11.0 | 99 | (14.4) | 319 | 8.0 | 204 | 2 | 45 | | |
| 39,277.6 | 107 | 4.0 | 312 | 4.5 | 237 | 14.8 | 212 | 6.78 | 19.4 | 9.6 | 121 | 22.9 | 56 | 9.4 | 154 | 26 | 46 | | |
| 67,981.0 | 57 | 4.3 | 300 | 8.1 | 111 | 33.3 | 68 | 2.73 | 0.7 | 4.7 | 211 | 12.1 | 115 | 10.3 | 141 | 58 | 47 | | |
| 93,276.8 | 43 | 8.3 | 189 | 12.6 | 43 | 196.1 | 9 | 5.35 | 63.1 | 4.4 | 215 | (10.9) | 286 | 5.4 | 261 | 40 | 48 | | |
| 61,282.8 | 66 | 3.8 | 317 | 0.4 | 430 | 2.4 | 420 | 1.65 | (68.3) | (32.2) | 333 | 12.2 | 114 | (24.4) | 391 | 38 | 49 | | |
| 32,086.0 | 130 | 9.9 | 151 | 0.7 | 408 | 13.5 | 236 | 12.17 | 276.8 | 6.7 | 166 | (7.3) | 265 | 3.3 | 297 | 36 | 50 | | |
| 152,821.4 | 23 | 20.6 | 35 | 11.1 | 62 | 18.7 | 166 | 2.33 | 0.9 | 5.2 | 199 | (2.2) | 224 | 6.5 | 240 | 56 | 51 | | |
| 27,262.8 | 143 | 2.4 | 367 | 5.2 | 205 | 12.3 | 256 | 8.44 | 14.7 | 16.3 | 44 | 25.1 | 48 | 13.2 | 90 | 26 | 52 | | |
| 162,031.2 | 22 | 16.0 | 62 | 9.5 | 78 | 18.8 | 164 | 4.90 | 15.0 | 14.9 | 53 | 13.0 | 107 | 17.6 | 35 | 18 | 53 | | |
| 143,264.5 | 29 | 18.3 | 45 | 7.9 | 116 | 15.0 | 209 | 1.75 | 17.4 | 7.2 | 156 | 0.5 | 203 | 6.0 | 250 | 45 | 54 | | |
| 183,297.9 | 18 | 14.2 | 82 | 4.2 | 255 | 10.8 | 288 | 1.11 | (21.8) | 0.2 | 269 | 7.1 | 146 | 7.8 | 207 | 49 | 55 | | |
| 56,816.3 | 72 | 15.8 | 66 | 11.3 | 59 | 30.3 | 76 | 6.15 | 114.3 | 2.9 | 234 | 16.9 | 81 | 5.4 | 263 | 7 | 56 | | |
| 26,383.9 | 148 | 1.4 | 406 | 3.8 | 272 | 13.1 | 242 | 1.15 | (27.2) | (2.4) | 285 | 6.5 | 152 | 6.1 | 248 | 69 | 57 | | |
| 43,677.9 | 97 | 2.2 | 375 | 2.8 | 311 | 7.0 | 375 | 3.65 | (45.9) | (2.5) | 286 | (13.7) | 313 | 4.3 | 282 | 40 | 58 | | |
| 44,570.9 | 95 | 4.5 | 295 | 2.7 | 316 | 14.2 | 222 | 3.50 | (40.5) | (1.4) | 278 | (23.0) | 372 | 4.3 | 281 | 12 | 59 | | |
| 67,507.6 | 58 | 7.8 | 201 | 7.3 | 131 | 116.4 | 16 | 11.46 | 2.2 | 10.8 | 102 | 16.2 | 85 | 16.5 | 45 | 2 | 60 | | |
| - | - | 0.6 | 431 | 0.1 | 445 | 1.3 | 427 | - | - | - | - | - | - | - | - | 35 | 61 | | |
| 200,845.4 | 16 | 16.6 | 54 | 8.2 | 110 | 28.8 | 89 | 1.67 | 4.4 | 5.1 | 203 | 5.1 | 161 | 11.0 | 124 | 6 | 62 | | |
| 30,889.7 | 133 | 4.9 | 279 | 6.5 | 159 | - | - | 4.99 | 20.0 | - | - | (7.8) | 268 | - | - | 27 | 63 | | |
| 5,327.7 | 370 | 0.5 | 434 | 1.7 | 361 | 5.4 | 394 | 1.37 | (18.0) | 0.4 | 268 | 10.7 | 120 | 4.4 | 279 | 68 | 64 | | |
| 7,449.3 | 332 | 2.8 | 348 | 1.7 | 365 | - | - | 1.11 | 93.0 | - | - | (50.3) | 448 | - | - | 50 | 65 | | |
| 26,331.0 | 149 | 2.9 | 344 | 5.3 | 200 | 12.6 | 252 | 2.95 | 24.5 | 11.5 | 88 | 34.4 | 21 | 13.2 | 89 | 22 | 66 | | |
| 24,729.8 | 161 | 18.6 | 43 | 15.7 | 23 | 135.0 | 12 | 11.07 | 181.7 | - | - | (20.3) | 356 | - | - | 3 | 67 | | |
| 37,897.8 | 110 | 11.1 | 128 | 8.5 | 104 | 41.7 | 45 | 5.63 | 621.8 | - | - | 4.1 | 170 | - | - | 3 | 68 | | |



NO. 74 GOLDMAN SACHS →

Sales and profits both fell at the investment bank as it faced strong headwinds—from a slowing China to falling commodity prices to a \$5 billion settlement for its role in selling toxic mortgage bonds that helped spark the 2008 financial crisis. —J.C.

| | | | REVENUES | | PROFITS | | | ASSETS | | STOCKHOLDERS' EQUITY | |
|------|------|---|-----------------------|--------------------|-------------|------|--------------------|-------------|------|----------------------|------|
| RANK | | | \$ millions | % change from 2014 | \$ millions | Rank | % change from 2014 | \$ millions | Rank | \$ millions | Rank |
| 2015 | 2014 | | | | | | | | | | |
| 69 | 85 | NATIONWIDE Columbus, Ohio | 40,221.8 | 10.9 | 580.7 | 276 | 34.5 | 185,305.6 | 39 | 15,094.8 | 99 |
| 70 | 66 | JOHNSON CONTROLS Milwaukee, Wis. ² | 40,204.0 ^a | (8.3) | 1,563.0 | 141 | 28.6 | 29,673.0 | 181 | 10,376.0 | 144 |
| 71 | 72 | BEST BUY Richfield, Minn. ¹ | 39,745.0 ^a | (5.2) | 897.0 | 203 | (27.3) | 13,519.0 | 295 | 4,378.0 | 269 |
| 72 | 71 | MERCK Kenilworth, N.J. | 39,498.0 | (6.5) | 4,442.0 | 60 | (62.7) | 101,779.0 | 68 | 44,676.0 | 30 |
| 73 | 78 | LIBERTY MUTUAL INSURANCE GROUP Boston, Mass. ¹⁷ | 39,450.0 ^a | (0.9) | 514.0 | 288 | (72.0) | 121,707.0 | 57 | 19,143.0 | 78 |
| 74 | 76 | GOLDMAN SACHS GROUP New York, N.Y. | 39,208.0 | (2.2) | 6,083.0 | 40 | (28.2) | 861,395.0 | 8 | 86,728.0 | 13 |
| 75 | 74 | HONEYWELL INTERNATIONAL Morris Plains, N.J. | 38,581.0 | (4.3) | 4,768.0 | 55 | 12.5 | 49,316.0 | 116 | 18,283.0 | 82 |
| 76 | 94 | MASSACHUSETTS MUTUAL LIFE INSURANCE Springfield, Mass. | 38,242.8 | 13.9 | 1,425.3 | 153 | 7.4 | 266,549.8 | 23 | 14,982.5 | 101 |
| 77 | 81 | ORACLE Redwood City, Calif. ¹⁶ | 38,226.0 | (0.1) | 9,938.0 | 18 | (9.3) | 110,903.0 | 62 | 48,663.0 | 26 |
| 78 | 82 | MORGAN STANLEY New York, N.Y. | 37,897.0 | (0.1) | 6,127.0 | 39 | 76.7 | 787,465.0 | 9 | 75,182.0 | 17 |
| 79 | 90 | CIGNA Bloomfield, Conn. | 37,876.0 | 8.5 | 2,094.0 | 110 | (0.4) | 57,088.0 | 100 | 12,035.0 | 127 |
| 80 | 79 | UNITED CONTINENTAL HOLDINGS Chicago, Ill. | 37,864.0 | (2.7) | 7,340.0 | 29 | 548.4 | 40,861.0 | 140 | 8,966.0 | 165 |
| 81 | 89 | ALLSTATE Northbrook, Ill. | 35,653.0 | 1.2 | 2,171.0 | 106 | (23.8) | 104,656.0 | 66 | 20,025.0 | 73 |
| 82 | 92 | TIAA New York, N.Y. ^{18,19} | 35,181.3 | 2.8 | 1,214.2 | 174 | 25.6 | 517,962.6 | 12 | 34,735.5 | 40 |
| 83 | 93 | INTL FCSTONE New York, N.Y. ^{2,20} | 34,693.2 | 1.8 | 55.7 | 432 | 188.6 | 5,070.0 | 443 | 397.1 | 467 |
| 84 | 69 | CHS Inver Grove Heights, Minn. ^{6,7} | 34,582.4 | (18.9) | 781.0 | 227 | (27.8) | 15,228.3 | 278 | 7,657.9 | 179 |
| 85 | 88 | AMERICAN EXPRESS New York, N.Y. | 34,441.0 | (4.3) | 5,163.0 | 50 | (12.3) | 161,184.0 | 44 | 20,673.0 | 69 |
| 86 | 118 | GILEAD SCIENCES Foster City, Calif. | 32,639.0 | 31.1 | 18,108.0 | 5 | 49.6 | 51,839.0 | 109 | 18,534.0 | 81 |
| 87 | 101 | PUBLIX SUPER MARKETS Lakeland, Fla. | 32,618.8 | 5.9 | 1,965.0 | 122 | 13.2 | 16,359.3 | 262 | 12,394.3 | 123 |
| 88 | 100 | GENERAL DYNAMICS Falls Church, Va. | 31,469.0 | 2.0 | 2,965.0 | 81 | 17.1 | 31,997.0 | 172 | 10,738.0 | 140 |
| 89 | 103 | TJX Framingham, Mass. ¹ | 30,944.9 | 6.4 | 2,277.7 | 101 | 2.8 | 11,499.5 | 316 | 4,307.1 | 271 |
| 90 | 51 | CONOCOPHILLIPS Houston, Texas | 30,935.0 | (44.8) | (4,428.0) | 490 | (164.5) | 97,484.0 | 70 | 39,762.0 | 35 |
| 91 | 106 | NIKE Beaverton, Ore. ¹⁵ | 30,601.0 | 10.1 | 3,273.0 | 77 | 21.5 | 21,600.0 | 224 | 12,707.0 | 120 |
| 92 | 68 | WORLD FUEL SERVICES Miami, Fla. | 30,379.7 | (30.0) | 186.9 | 388 | (15.7) | 4,549.4 | 448 | 1,911.4 | 377 |
| 93 | 98 | 3M St. Paul, Minn. | 30,274.0 | (4.9) | 4,833.0 | 53 | (2.5) | 32,718.0 | 168 | 11,708.0 | 132 |
| 94 | 91 | MONDELEZ INTERNATIONAL Deerfield, Ill. | 29,636.0 | (13.5) | 7,267.0 | 30 | 232.7 | 62,843.0 | 94 | 28,012.0 | 48 |
| 95 | 111 | EXELON Chicago, Ill. ²¹ | 29,447.0 | 7.4 | 2,269.0 | 103 | 39.8 | 95,384.0 | 71 | 25,793.0 | 53 |
| 96 | 97 | TWENTY-FIRST CENTURY FOX New York, N.Y. ¹² | 28,987.0 | (9.0) | 8,306.0 | 22 | 84.0 | 50,051.0 | 113 | 17,220.0 | 90 |
| 97 | 86 | DEERE Moline, Ill. ¹¹ | 28,862.8 | (20.0) | 1,940.0 | 124 | (38.6) | 57,947.6 | 99 | 6,743.4 | 203 |
| 98 | 77 | TESORO San Antonio, Texas | 28,150.0 ^e | (29.7) | 1,540.0 | 145 | 82.7 | 16,332.0 | 265 | 5,213.0 | 239 |
| 99 | 104 | TIME WARNER New York, N.Y. | 28,118.0 | (2.3) | 3,833.0 | 67 | 0.2 | 63,848.0 | 92 | 23,619.0 | 58 |
| 100 | 109 | NORTHWESTERN MUTUAL Milwaukee, Wis. | 28,111.0 | 2.4 | 815.0 | 222 | 20.0 | 238,472.0 | 29 | 19,656.0 | 74 |
| 101 | 87 | DUPONT Wilmington, Del. | 27,940.0 ^a | (22.5) | 1,953.0 | 123 | (46.1) | 41,166.0 | 137 | 9,993.0 | 151 |
| 102 | 108 | AVNET Phoenix, Ariz. ¹² | 27,924.7 | 1.5 | 571.9 | 280 | 4.8 | 10,800.0 | 324 | 4,685.0 | 257 |
| 103 | 105 | MACY'S Cincinnati, Ohio ¹ | 27,079.0 | (3.7) | 1,072.0 | 183 | (29.8) | 20,576.0 | 233 | 4,250.0 | 273 |
| 104 | 59 | ENTERPRISE PRODUCTS PARTNERS Houston, Texas ^p | 27,027.9 | (43.6) | 2,521.2 | 92 | (9.6) | 48,952.0 | 120 | 20,295.1 | 72 |
| 105 | 112 | TRAVELERS COS. New York, N.Y. | 26,800.0 | (1.3) | 3,439.0 | 72 | (6.9) | 100,184.0 | 69 | 23,598.0 | 59 |
| 106 | 102 | PHILIP MORRIS INTERNATIONAL New York, N.Y. | 26,794.0 ^e | (10.0) | 6,873.0 | 35 | (8.3) | 33,956.0 | 161 | (13,244.0) | 499 |
| 107 | 117 | RITE AID Camp Hill, Pa. ⁶² | 26,528.4 | 3.9 | 2,109.2 | 108 | 745.7 | 8,863.3 | 357 | 57.1 | 476 |
| 108 | 107 | TECH DATA Clearwater, Fla. ¹ | 26,379.8 | (4.7) | 265.7 | 370 | 51.7 | 6,358.3 | 411 | 2,005.8 | 372 |
| 109 | 110 | MCDONALD'S Oak Brook, Ill. | 25,413.0 | (7.4) | 4,529.3 | 58 | (4.8) | 37,938.7 | 148 | 7,087.9 | 191 |
| 110 | 113 | QUALCOMM San Diego, Calif. ² | 25,281.0 | (4.6) | 5,271.0 | 46 | (33.8) | 50,796.0 | 110 | 31,421.0 | 42 |
| 111 | 99 | SEARS HOLDINGS Hoffman Estates, Ill. ¹ | 25,146.0 | (19.4) | (1,129.0) | 481 | — | 11,337.0 | 317 | (1,963.0) | 493 |
| 112 | 126 | CAPITAL ONE FINANCIAL McLean, Va. | 25,098.0 ^a | 5.1 | 4,050.0 | 65 | (8.5) | 334,048.0 | 20 | 47,284.0 | 27 |
| 113 | 121 | EMC Hopkinton, Mass. | 24,704.0 | 1.1 | 1,990.0 | 116 | (26.7) | 46,612.0 | 125 | 21,140.0 | 66 |
| 114 | 122 | UNITED SERVICES AUTOMOBILE ASSN. San Antonio, Texas ¹⁷ | 24,360.5 | 1.4 | 2,272.0 | 102 | (33.4) | 137,076.5 | 51 | 27,725.1 | 50 |
| 115 | 116 | DUKE ENERGY Charlotte, N.C. | 24,002.0 ^a | (6.5) | 2,816.0 | 84 | 49.5 | 121,156.0 | 58 | 39,727.0 | 36 |
| 116 | 130 | TIME WARNER CABLE New York, N.Y. | 23,697.0 | 3.9 | 1,844.0 | 130 | (9.2) | 49,277.0 | 117 | 8,995.0 | 164 |



NO MORE QUARTERS GIVEN
THE GOLDMAN BUSINESS UNIT THAT INCLUDES PRIVATE EQUITY INVESTMENTS AND CORPORATE LOANS—AND IS THE COMPANY'S SECOND-BIGGEST SOURCE OF PRETAX EARNINGS—SAW ITS NET REVENUES DROP BY 20% IN 2015.



SOURCE: GOLDMAN SACHS

| MARKET VALUE 3/31/16 | | PROFITS AS % OF ... | | | | | EARNINGS PER SHARE | | | | TOTAL RETURN TO INVESTORS | | | | Industry table number | RANK 2015 | |
|-------------------------|------|---------------------|------------------|-----------------------------------|------------|-----------------------------|---|-------------------------------------|-----------|-------|-------------------------------------|--------|-----|--------|-----------------------------|--------------|-----|
| \$ millions | Rank | Revenues % Rank | Assets % Rank | Stockholders' equity % Rank | 2015 \$ | % change from 2014 | 2005-2015 annual growth rate % | 2005-2015 annual rate Rank | 2015 % | Rank | 2005-2015 annual rate Rank | Rank | | | | | |
| — | — | 1.4 | 403 | 0.3 | 437 | 3.8 | 410 | — | — | — | — | — | 37 | 69 | | | |
| 25,261.7 | 159 | 3.9 | 314 | 5.3 | 202 | 15.1 | 208 | 2.36 | 31.1 | 4.2 | 220 | (16.4) | 332 | 7.0 | 227 | 44 | 70 |
| 10,489.4 | 278 | 2.3 | 373 | 6.6 | 155 | 20.5 | 146 | 2.56 | (26.6) | 1.2 | 260 | (18.7) | 347 | (1.4) | 346 | 58 | 71 |
| 146,838.9 | 27 | 11.2 | 127 | 4.4 | 243 | 9.9 | 305 | 1.56 | (61.7) | (2.9) | 289 | (4.0) | 242 | 9.4 | 155 | 49 | 72 |
| — | — | 1.3 | 409 | 0.4 | 432 | 2.7 | 419 | — | — | — | — | — | — | — | — | 38 | 73 |
| 69,252.7 | 55 | 15.5 | 69 | 0.7 | 412 | 7.0 | 374 | 12.14 | (28.9) | 0.8 | 262 | (5.7) | 253 | 4.7 | 270 | 8 | 74 |
| 85,307.6 | 47 | 12.4 | 111 | 9.7 | 75 | 26.1 | 101 | 6.04 | 13.3 | 12.0 | 76 | 5.9 | 157 | 13.5 | 85 | 15 | 75 |
| — | — | 3.7 | 321 | 0.5 | 424 | 9.5 | 316 | — | — | — | — | — | — | — | — | 35 | 76 |
| 169,771.0 | 20 | 26.0 | 15 | 9.0 | 91 | 20.4 | 148 | 2.21 | (7.1) | 14.9 | 52 | (17.6) | 342 | 12.4 | 101 | 10 | 77 |
| 48,983.8 | 87 | 16.2 | 57 | 0.8 | 407 | 8.1 | 350 | 2.90 | 81.3 | (4.4) | 299 | (16.8) | 336 | (2.5) | 356 | 8 | 78 |
| 35,101.4 | 120 | 5.5 | 265 | 3.7 | 280 | 17.4 | 177 | 8.04 | 2.7 | 6.8 | 165 | 42.2 | 16 | 14.8 | 65 | 26 | 79 |
| 21,518.8 | 182 | 19.4 | 40 | 18.0 | 14 | 81.9 | 21 | 19.47 | 564.5 | — | — | (14.3) | 318 | — | — | 3 | 80 |
| 25,486.1 | 156 | 6.1 | 245 | 2.1 | 350 | 10.8 | 283 | 5.05 | (19.5) | 6.7 | 167 | (10.0) | 280 | 4.0 | 288 | 38 | 81 |
| — | — | 3.5 | 332 | 0.2 | 441 | 3.5 | 412 | — | — | — | — | — | — | — | — | 35 | 82 |
| 502.7 | 463 | 0.2 | 442 | 1.1 | 385 | 14.0 | 229 | 2.87 | 192.9 | 24.1 | 17 | 62.7 | 4 | 13.9 | 78 | 13 | 83 |
| — | — | 2.3 | 372 | 5.1 | 207 | 10.2 | 299 | — | — | — | — | — | — | — | — | 22 | 84 |
| 58,842.4 | 67 | 15.0 | 74 | 3.2 | 300 | 25.0 | 110 | 5.05 | (9.2) | 5.5 | 196 | (24.2) | 377 | 4.6 | 273 | 13 | 85 |
| 124,437.4 | 31 | 55.5 | 1 | 34.9 | 2 | 97.7 | 19 | 11.91 | 62.0 | 39.4 | 3 | 8.7 | 135 | 22.8 | 12 | 49 | 86 |
| — | — | 6.0 | 248 | 12.0 | 49 | 15.9 | 200 | 2.54 | 13.9 | 8.2 | 142 | — | — | — | — | 20 | 87 |
| 40,285.9 | 102 | 9.4 | 159 | 9.3 | 86 | 27.6 | 93 | 9.08 | 22.4 | 9.7 | 120 | 1.7 | 190 | 11.6 | 115 | 2 | 88 |
| 51,914.0 | 81 | 7.4 | 214 | 19.8 | 9 | 52.9 | 35 | 3.33 | 5.7 | 16.8 | 37 | 4.6 | 165 | 21.3 | 17 | 57 | 89 |
| 49,869.0 | 83 | (14.3) | 487 | (4.5) | 480 | (11.1) | 455 | (3.58) | (165.0) | — | — | (28.8) | 393 | 4.2 | 283 | 43 | 90 |
| 104,692.5 | 40 | 10.7 | 136 | 15.2 | 25 | 25.8 | 104 | 1.85 | 24.6 | 12.7 | 69 | 31.4 | 30 | 20.8 | 23 | 4 | 91 |
| 3,439.5 | 399 | 0.6 | 428 | 4.1 | 258 | 9.8 | 309 | 2.64 | (15.1) | 12.9 | 66 | (17.6) | 341 | 9.1 | 161 | 67 | 92 |
| 100,945.6 | 41 | 16.0 | 63 | 14.8 | 26 | 41.3 | 47 | 7.58 | 1.2 | 6.3 | 177 | (5.9) | 254 | 9.7 | 149 | 71 | 93 |
| 62,472.3 | 64 | 24.5 | 20 | 11.6 | 56 | 25.9 | 103 | 4.44 | 246.9 | — | — | 25.4 | 46 | — | — | 21 | 94 |
| 33,052.0 | 125 | 7.7 | 204 | 2.4 | 336 | 8.8 | 340 | 2.54 | 35.1 | 6.4 | 175 | (22.0) | 367 | (2.4) | 354 | 65 | 95 |
| 53,472.9 | 79 | 28.7 | 11 | 16.6 | 17 | 48.2 | 38 | 3.90 | 96.0 | 18.9 | 30 | (28.6) | 391 | 7.9 | 205 | 18 | 96 |
| 24,276.9 | 166 | 6.7 | 236 | 3.3 | 289 | 28.8 | 88 | 5.77 | (33.1) | 7.0 | 162 | (11.4) | 290 | 10.7 | 130 | 12 | 97 |
| 10,311.3 | 283 | 5.5 | 266 | 9.4 | 79 | 29.5 | 83 | 12.36 | 91.9 | 13.1 | 61 | 44.6 | 13 | 14.5 | 68 | 48 | 98 |
| 57,325.7 | 70 | 13.6 | 86 | 6.0 | 170 | 16.2 | 196 | 4.62 | 6.5 | 9.5 | 123 | (22.9) | 371 | 7.4 | 220 | 18 | 99 |
| — | — | 2.9 | 346 | 0.3 | 434 | 4.1 | 407 | — | — | — | — | — | — | — | — | 35 | 100 |
| 55,288.5 | 76 | 7.0 | 224 | 4.7 | 224 | 19.5 | 153 | 2.16 | (44.9) | 0.4 | 266 | (2.6) | 227 | 9.0 | 162 | 7 | 101 |
| 5,815.1 | 361 | 2.0 | 380 | 5.3 | 201 | 12.2 | 259 | 4.12 | 5.9 | 11.5 | 90 | 1.1 | 198 | 6.4 | 243 | 68 | 102 |
| 13,745.7 | 238 | 4.0 | 313 | 5.2 | 204 | 25.2 | 108 | 3.22 | (23.7) | (0.0) | 272 | (45.6) | 439 | 2.4 | 314 | 25 | 103 |
| 49,763.5 | 84 | 9.3 | 160 | 5.2 | 206 | 12.4 | 255 | 1.26 | (14.3) | — | — | (25.5) | 380 | — | — | 50 | 104 |
| 34,426.8 | 123 | 12.8 | 99 | 3.4 | 287 | 14.6 | 214 | 10.88 | 1.7 | 16.7 | 39 | 9.1 | 129 | 12.5 | 100 | 38 | 105 |
| 152,192.6 | 24 | 25.7 | 16 | 20.2 | 8 | — | — | 4.42 | (7.1) | — | — | 13.4 | 106 | — | — | 61 | 106 |
| 8,528.7 | 316 | 8.0 | 198 | 23.8 | 4 | 3,696.7 | 1 | 2.08 | 804.3 | 16.0 | 45 | 4.3 | 168 | 8.5 | 185 | 20 | 107 |
| 2,693.7 | 420 | 1.0 | 416 | 4.2 | 253 | 13.2 | 240 | 7.36 | 61.1 | 32.2 | 6 | 5.0 | 162 | 5.3 | 264 | 68 | 108 |
| 113,314.1 | 36 | 17.8 | 48 | 11.9 | 51 | 63.9 | 27 | 4.80 | (0.4) | 8.9 | 133 | 30.4 | 32 | 16.9 | 41 | 23 | 109 |
| 76,448.5 | 52 | 20.8 | 34 | 10.4 | 66 | 16.8 | 187 | 3.22 | (30.8) | 9.8 | 117 | (30.5) | 398 | 3.3 | 295 | 45 | 110 |
| 1,634.6 | 442 | (4.5) | 473 | (10.0) | 487 | — | — | (10.59) | — | — | — | (37.7) | 421 | (13.1) | 383 | 25 | 111 |
| 35,976.8 | 117 | 16.1 | 58 | 1.2 | 379 | 8.6 | 341 | 7.07 | (6.9) | 0.5 | 265 | (10.9) | 287 | (0.3) | 339 | 8 | 112 |
| 51,888.8 | 82 | 8.1 | 196 | 4.3 | 247 | 9.4 | 321 | 1.01 | (23.5) | 7.9 | 146 | (12.2) | 297 | 7.0 | 230 | 9 | 113 |
| — | — | 9.3 | 161 | 1.7 | 367 | 8.2 | 348 | — | — | — | — | — | — | — | — | 38 | 114 |
| 55,571.8 | 75 | 11.7 | 119 | 2.3 | 339 | 7.1 | 371 | 4.05 | 52.3 | (3.3) | 294 | (10.6) | 283 | 9.3 | 157 | 65 | 115 |
| 57,962.8 | 68 | 7.8 | 202 | 3.7 | 275 | 20.5 | 145 | 6.44 | (10.2) | — | — | 24.2 | 51 | — | — | 59 | 116 |



NO. 146 STARBUCKS →

Robust results have become the order of the day for the coffee giant, with 23 consecutive quarters of global comparable-store sales growth of 5% or more. In 2015 the company added 767 net new stores in China and Asia Pacific. —J.C.

| | | | REVENUES | | PROFITS | | | ASSETS | | STOCKHOLDERS' EQUITY | |
|------|------|---|-----------------------|------------------|-------------|------|------------------|-------------|------|----------------------|------|
| RANK | | | | % | | | % | | | | |
| 2015 | 2014 | | \$ millions | change from 2014 | \$ millions | Rank | change from 2014 | \$ millions | Rank | \$ millions | Rank |
| 117 | 96 | HALLIBURTON Houston, Texas | 23,633.0 | (28.1) | (671.0) | 477 | (119.2) | 36,942.0 | 151 | 15,462.0 | 98 |
| 118 | 124 | NORTHROP GRUMMAN Falls Church, Va. | 23,526.0 | (1.9) | 1,990.0 | 116 | (3.8) | 24,454.0 | 205 | 5,522.0 | 229 |
| 119 | 131 | ARROW ELECTRONICS Centennial, Colo. | 23,282.0 | 2.3 | 497.7 | 297 | (0.1) | 13,021.9 | 301 | 4,142.4 | 276 |
| 120 | 129 | RAYTHEON Waltham, Mass. | 23,247.0 | 1.8 | 2,074.0 | 112 | (7.6) | 29,281.0 | 184 | 10,128.0 | 147 |
| 121 | 67 | PLAINS GP HOLDINGS Houston, Texas ^P | 23,152.0 | (46.7) | 118.0 | 420 | 68.6 | 24,142.0 | 208 | 1,762.0 | 392 |
| 122 | 128 | US FOODS HOLDING Rosemont, Ill. ²³ | 23,127.5 | 0.5 | 167.5 | 400 | — | 9,239.4 | 351 | 1,873.2 | 382 |
| 123 | 146 | ABBVIE North Chicago, Ill. | 22,859.0 | 14.5 | 5,144.0 | 51 | 190.0 | 53,050.0 | 107 | 3,945.0 | 286 |
| 124 | 186 | CENTENE St. Louis, Mo. ²⁴ | 22,795.0 | 37.4 | 355.0 | 337 | 31.0 | 7,339.0 | 389 | 2,157.0 | 362 |
| 125 | 135 | COMMUNITY HEALTH SYSTEMS Franklin, Tenn. | 22,678.0 ¹ | 3.1 | 158.0 | 402 | 71.7 | 26,861.0 | 193 | 4,019.0 | 281 |
| 126 | 125 | ALCOA New York, N.Y. | 22,534.0 | (5.7) | (322.0) | 469 | (220.1) | 36,528.0 | 153 | 12,046.0 | 126 |
| 127 | 114 | INTERNATIONAL PAPER Memphis, Tenn. ²⁵ | 22,365.0 | (14.7) | 938.0 | 200 | 69.0 | 30,587.0 | 176 | 3,884.0 | 293 |
| 128 | 120 | EMERSON ELECTRIC St. Louis, Mo. ² | 22,304.0 | (9.1) | 2,710.0 | 87 | 26.2 | 22,088.0 | 220 | 8,081.0 | 174 |
| 129 | 123 | UNION PACIFIC Omaha, Neb. | 21,813.0 | (9.1) | 4,772.0 | 54 | (7.9) | 54,600.0 | 101 | 20,702.0 | 68 |
| 130 | 145 | AMGEN Thousand Oaks, Calif. | 21,662.0 | 8.0 | 6,939.0 | 34 | 34.5 | 71,576.0 | 84 | 28,083.0 | 47 |
| 131 | 138 | U.S. BANCORP Minneapolis, Minn. | 21,494.0 | 0.5 | 5,879.0 | 41 | 0.5 | 421,853.0 | 15 | 46,131.0 | 28 |
| 132 | 133 | STAPLES Framingham, Mass. ¹ | 21,059.0 | (6.4) | 379.2 | 331 | 181.9 | 10,172.0 | 330 | 5,376.0 | 234 |
| 133 | 147 | DANAHER Washington, D.C. ²⁶ | 20,908.8 ¹ | 5.0 | 3,357.4 | 75 | 29.2 | 48,222.2 | 123 | 23,690.3 | 57 |
| 134 | 148 | WHIRLPOOL Benton Harbor, Mich. | 20,891.0 | 5.1 | 783.0 | 226 | 20.5 | 19,010.0 | 239 | 4,743.0 | 256 |
| 135 | 132 | AFLAC Columbus, Ga. | 20,872.0 | (8.2) | 2,533.0 | 91 | (14.2) | 118,296.0 | 59 | 17,708.0 | 86 |
| 136 | 156 | AUTONATION Fort Lauderdale, Fla. | 20,862.0 | 9.2 | 442.6 | 308 | 5.7 | 9,558.3 | 342 | 2,349.3 | 354 |
| 137 | 153 | PROGRESSIVE Mayfield Village, Ohio | 20,853.8 | 7.5 | 1,267.6 | 166 | (1.0) | 29,819.3 | 180 | 7,289.4 | 186 |
| 138 | 134 | ABBOTT LABORATORIES Abbott Park, Ill. | 20,661.0 ¹ | (7.4) | 4,423.0 | 61 | 93.7 | 41,247.0 | 136 | 21,211.0 | 65 |
| 139 | 159 | DOLLAR GENERAL Goodlettsville, Tenn. ¹ | 20,368.6 | 7.7 | 1,165.1 | 177 | 9.4 | 11,257.9 | 318 | 5,377.9 | 233 |
| 140 | 170 | TENET HEALTHCARE Dallas, Texas | 20,111.0 | 12.2 | (140.0) | 457 | (1,266.7) | 23,682.0 | 211 | 691.0 | 449 |
| 141 | 151 | ELI LILLY Indianapolis, Ind. | 19,958.7 | 1.7 | 2,408.4 | 94 | 0.7 | 35,568.9 | 156 | 14,571.3 | 103 |
| 142 | 161 | SOUTHWEST AIRLINES Dallas, Texas | 19,820.0 | 6.5 | 2,181.0 | 105 | 92.0 | 21,312.0 | 227 | 7,358.0 | 185 |
| 143 | 177 | PENSKO AUTOMOTIVE GROUP Bloomfield Hills, Mich. | 19,360.7 ¹ | 11.0 | 326.1 | 347 | 13.7 | 8,022.7 | 374 | 1,790.2 | 388 |
| 144 | 144 | MANPOWERGROUP Milwaukee, Wis. | 19,329.9 | (6.9) | 419.2 | 316 | (2.0) | 7,517.5 | 383 | 2,624.7 | 339 |
| 145 | 157 | KOHL'S Menomonee Falls, Wis. ¹ | 19,204.0 | 1.0 | 673.0 | 256 | (22.4) | 13,606.0 | 294 | 5,491.0 | 230 |
| 146 | 187 | STARBUCKS Seattle, Wash. ² | 19,162.7 | 16.5 | 2,757.4 | 85 | 33.3 | 12,446.1 | 307 | 5,818.0 | 219 |
| 147 | 158 | PACCAR Bellevue, Wash. | 19,115.1 | 0.6 | 1,604.0 | 137 | 18.0 | 21,109.8 | 229 | 6,940.4 | 197 |
| 148 | 154 | CUMMINS Columbus, Ind. | 19,110.0 | (0.6) | 1,399.0 | 157 | (15.3) | 15,134.0 | 282 | 7,406.0 | 183 |
| 149 | 169 | ALTRIA GROUP Richmond, Va. | 18,854.0 ² | 5.1 | 5,241.0 | 47 | 3.4 | 32,535.0 | 169 | 2,880.0 | 324 |
| 150 | 143 | XEROX Norwalk, Conn. | 18,664.0 ¹ | (10.7) | 474.0 | 302 | (53.2) | 24,817.0 | 203 | 9,074.0 | 163 |
| 151 | 140 | KIMBERLY-CLARK Irving, Texas | 18,591.0 | (11.7) | 1,013.0 | 190 | (33.6) | 14,842.0 | 284 | (174.0) | 482 |
| 152 | 160 | HARTFORD FINANCIAL SERVICES GROUP Hartford, Conn. | 18,377.0 | (2.5) | 1,682.0 | 134 | 110.8 | 228,348.0 | 30 | 17,642.0 | 87 |
| 153 | 272 | KRAFT HEINZ Pittsburgh, Pa. ²⁷ | 18,338.0 | 67.9 | 634.0 | 261 | (3.5) | 122,973.0 | 56 | 66,005.0 | 20 |
| 154 | 174 | LEAR Southfield, Mich. | 18,211.4 | 2.7 | 745.5 | 238 | 10.9 | 9,405.8 | 347 | 2,927.4 | 321 |
| 155 | 136 | FLUOR Irving, Texas | 18,114.0 | (15.9) | 412.5 | 317 | (19.3) | 7,631.5 | 379 | 2,997.3 | 319 |
| 156 | 343 | AECOM Los Angeles, Calif. ² | 17,989.9 | 115.3 | (154.8) | 459 | (167.4) | 14,014.3 | 290 | 3,407.7 | 308 |
| 157 | 242 | FACEBOOK Menlo Park, Calif. | 17,928.0 | 43.8 | 3,688.0 | 69 | 25.4 | 49,407.0 | 115 | 44,218.0 | 32 |
| 158 | 191 | JABIL CIRCUIT St. Petersburg, Fla. ⁷ | 17,913.8 ¹ | 9.6 | 284.0 | 360 | 17.7 | 9,603.2 | 341 | 2,314.9 | 356 |
| 159 | 168 | CENTURYLINK Monroe, La. | 17,900.0 | (0.7) | 878.0 | 207 | 13.7 | 47,604.0 | 124 | 14,060.0 | 106 |
| 160 | 164 | SUPERVALU Eden Prairie, Minn. ²² | 17,820.0 | (3.1) | 192.0 | 387 | 5.5 | 4,485.0 | 449 | (646.0) | 487 |
| 161 | 171 | GENERAL MILLS Minneapolis, Minn. ¹⁶ | 17,630.3 | (1.6) | 1,221.3 | 171 | (33.1) | 21,964.5 | 221 | 4,996.7 | 245 |
| 162 | 163 | SOUTHERN Atlanta, Ga. | 17,489.0 | (5.3) | 2,367.0 | 97 | 20.6 | 78,318.0 | 82 | 20,592.0 | 70 |
| 163 | 183 | NEXTERA ENERGY Juno Beach, Fla. | 17,486.0 | 2.7 | 2,752.0 | 86 | 11.6 | 82,479.0 | 80 | 22,574.0 | 63 |
| 164 | 181 | THERMO FISHER SCIENTIFIC Waltham, Mass. | 16,965.4 | (0.8) | 1,975.4 | 119 | 4.3 | 40,889.0 | 139 | 21,350.2 | 64 |



BREWING UP GROWTH
NET REVENUES AT STARBUCKS' COMPANY-OWNED STORES IN THE AMERICAS—INCLUDING THE CORE U.S. MARKET—ROSE BY 9.7% TO \$11.9 BILLION LAST YEAR THANKS TO INCREASED FOOD SALES AND MORE MOBILE TRANSACTIONS.



SOURCE: STARBUCKS

| MARKET VALUE 3/31/16 | | PROFITS AS % OF ... | | | | EARNINGS PER SHARE | | | | TOTAL RETURN TO INVESTORS | | | | Industry table number | RANK 2015 |
|-------------------------|------|---------------------|---------------|-----------------------------|---------|--------------------|--------------------------------|------|--------|---------------------------|-------------------------|------|----|-----------------------|-----------|
| \$ millions | Rank | Revenues % Rank | Assets % Rank | Stockholders' equity % Rank | 2015 \$ | % change from 2014 | 2005-2015 annual growth rate % | Rank | 2015 % | Rank | 2005-2015 annual rate % | Rank | | | |
| 30,660.0 | 134 | (2.8) 468 | (1.8) 469 | (4.3) 442 | (0.79) | (119.2) | — | | (11.9) | 293 | 2.2 | 317 | 46 | 117 | |
| 35,808.7 | 119 | 8.5 186 | 8.1 112 | 36.0 59 | 10.39 | 6.6 | 10.4 | 109 | 30.4 | 31 | 16.3 | 49 | 2 | 118 | |
| 5,901.7 | 358 | 2.1 378 | 3.8 271 | 12.0 261 | 5.20 | 4.4 | 9.5 | 122 | (6.4) | 257 | 5.4 | 262 | 68 | 119 | |
| 36,666.1 | 115 | 8.9 172 | 7.1 140 | 20.5 147 | 6.80 | (5.3) | 13.5 | 58 | 17.9 | 75 | 15.0 | 61 | 2 | 120 | |
| 5,422.8 | 367 | 0.5 433 | 0.5 426 | 6.7 382 | 0.53 | 12.8 | — | | (61.5) | 456 | — | | 50 | 121 | |
| — | | 0.7 425 | 1.8 358 | 8.9 333 | — | — | — | | — | — | — | | 69 | 122 | |
| 92,405.0 | 44 | 22.5 27 | 9.7 73 | 130.4 13 | 3.13 | 184.5 | — | | (6.5) | 258 | — | | 49 | 123 | |
| 10,464.2 | 280 | 1.6 400 | 4.8 219 | 16.5 191 | 2.88 | 28.0 | 16.6 | 40 | 26.7 | 41 | 17.5 | 36 | 26 | 124 | |
| 2,087.2 | 435 | 0.7 426 | 0.6 420 | 3.9 409 | 1.37 | 67.1 | (2.6) | 287 | (50.8) | 449 | (3.5) | 364 | 27 | 125 | |
| 12,596.2 | 247 | (1.4) 458 | (0.9) 458 | (2.7) 438 | (0.31) | (247.6) | — | | (36.8) | 418 | (8.9) | 375 | 42 | 126 | |
| 16,873.9 | 211 | 4.2 304 | 3.1 304 | 24.2 117 | 2.23 | 72.9 | 0.1 | 270 | (27.0) | 383 | 4.6 | 274 | 47 | 127 | |
| 34,972.6 | 121 | 12.2 114 | 12.3 47 | 33.5 67 | 3.99 | 31.7 | 8.9 | 134 | (19.7) | 353 | 5.5 | 258 | 15 | 128 | |
| 67,332.3 | 59 | 21.9 30 | 8.7 96 | 23.1 124 | 5.49 | (4.5) | 19.0 | 29 | (32.8) | 408 | 16.6 | 43 | 52 | 129 | |
| 112,761.0 | 37 | 32.0 8 | 9.7 74 | 24.7 112 | 9.06 | 35.2 | 12.0 | 78 | 4.0 | 171 | 8.4 | 187 | 49 | 130 | |
| 70,517.6 | 54 | 27.4 14 | 1.4 374 | 12.7 248 | 3.16 | 2.6 | 2.7 | 240 | (2.8) | 230 | 6.7 | 234 | 8 | 131 | |
| 7,122.7 | 335 | 1.8 390 | 3.7 276 | 7.1 373 | 0.59 | 181.0 | (6.2) | 308 | (46.1) | 440 | (6.3) | 372 | 58 | 132 | |
| 65,183.5 | 61 | 16.1 60 | 7.0 146 | 14.2 223 | 4.74 | 30.6 | 13.1 | 60 | 9.0 | 130 | 13.1 | 93 | 54 | 133 | |
| 13,944.6 | 237 | 3.7 319 | 4.1 257 | 16.5 190 | 9.83 | 20.3 | 4.7 | 208 | (22.6) | 370 | 8.3 | 192 | 15 | 134 | |
| 26,458.2 | 147 | 12.1 115 | 2.1 347 | 14.3 218 | 5.85 | (10.0) | 7.2 | 159 | 0.6 | 202 | 5.0 | 266 | 36 | 135 | |
| 4,812.7 | 375 | 2.1 379 | 4.6 230 | 18.8 163 | 3.89 | 10.5 | 7.7 | 151 | (1.2) | 218 | 10.6 | 132 | 5 | 136 | |
| 20,486.5 | 191 | 6.1 246 | 4.3 250 | 17.4 178 | 2.15 | 0.0 | 2.1 | 248 | 20.8 | 62 | 4.5 | 277 | 38 | 137 | |
| 61,625.7 | 65 | 21.4 33 | 10.7 64 | 20.9 143 | 2.92 | 96.0 | 3.1 | 231 | 1.8 | 189 | 12.0 | 106 | 41 | 138 | |
| 24,521.7 | 164 | 5.7 260 | 10.3 67 | 21.7 135 | 3.95 | 13.2 | — | | 2.5 | 183 | — | | 25 | 139 | |
| 2,871.4 | 415 | (0.7) 450 | (0.6) 453 | (20.3) 461 | (1.41) | (1,275.0) | — | | (40.2) | 429 | (0.1) | 337 | 27 | 140 | |
| 79,534.5 | 50 | 12.1 117 | 6.8 150 | 16.5 189 | 2.26 | 1.3 | 2.2 | 247 | 25.3 | 47 | 8.4 | 189 | 49 | 141 | |
| 28,585.5 | 139 | 11.0 131 | 10.2 69 | 29.6 82 | 3.27 | 99.4 | 17.2 | 36 | 2.5 | 184 | 10.5 | 133 | 3 | 142 | |
| 3,269.4 | 406 | 1.7 394 | 4.1 261 | 18.2 171 | 3.63 | 14.5 | 11.1 | 96 | (12.1) | 296 | 9.8 | 146 | 5 | 143 | |
| 5,877.6 | 359 | 2.2 377 | 5.6 187 | 16.0 198 | 5.40 | 1.9 | 6.5 | 171 | 25.9 | 45 | 7.7 | 212 | 60 | 144 | |
| 8,630.7 | 314 | 3.5 328 | 4.9 213 | 12.3 258 | 3.46 | (18.4) | 3.6 | 226 | (19.5) | 352 | 1.1 | 324 | 25 | 145 | |
| 88,242.6 | 46 | 14.4 79 | 22.2 6 | 47.4 40 | 1.82 | 34.3 | 19.6 | 27 | 48.2 | 8 | 15.8 | 53 | 23 | 146 | |
| 19,215.8 | 199 | 8.4 187 | 7.6 125 | 23.1 123 | 4.51 | 18.1 | 4.5 | 214 | (28.1) | 388 | 7.6 | 214 | 44 | 147 | |
| 18,727.8 | 203 | 7.3 216 | 9.2 87 | 18.9 162 | 7.84 | (13.1) | 11.0 | 98 | (37.1) | 419 | 16.6 | 44 | 12 | 148 | |
| 122,684.0 | 33 | 27.8 12 | 16.1 19 | 182.0 10 | 2.67 | 4.3 | (6.1) | 306 | 23.1 | 55 | 19.4 | 25 | 61 | 149 | |
| 11,303.9 | 269 | 2.5 362 | 1.9 354 | 5.0 400 | 0.42 | (50.6) | (7.7) | 315 | (21.4) | 363 | (1.5) | 349 | 34 | 150 | |
| 48,544.6 | 88 | 5.4 267 | 6.8 149 | — | 2.77 | (31.4) | (1.7) | 281 | 13.8 | 102 | 12.2 | 102 | 32 | 151 | |
| 18,278.8 | 206 | 9.2 166 | 0.7 411 | 9.5 315 | 3.96 | 128.9 | (6.1) | 307 | 6.1 | 155 | (4.7) | 369 | 38 | 152 | |
| 95,465.3 | 42 | 3.5 331 | 0.5 425 | 1.0 428 | (0.34) | — | — | | — | — | — | | 21 | 153 | |
| 8,156.7 | 320 | 4.1 307 | 7.9 115 | 25.5 106 | 9.59 | 16.5 | — | | 26.3 | 43 | — | | 44 | 154 | |
| 7,475.6 | 331 | 2.3 371 | 5.4 197 | 13.8 231 | 2.81 | (12.2) | 7.9 | 147 | (20.9) | 359 | 3.1 | 300 | 17 | 155 | |
| 4,698.9 | 379 | (0.9) 453 | (1.1) 460 | (4.5) 443 | (1.04) | (144.6) | — | | (1.1) | 216 | — | | 17 | 156 | |
| 324,760.6 | 6 | 20.6 36 | 7.5 128 | 8.3 344 | 1.29 | 17.3 | — | | 34.1 | 22 | — | | 39 | 157 | |
| 3,671.9 | 394 | 1.6 397 | 3.0 307 | 12.3 257 | 1.45 | 21.8 | 2.6 | 242 | 8.2 | 138 | (2.8) | 357 | 56 | 158 | |
| 17,381.5 | 210 | 4.9 278 | 1.8 357 | 6.2 388 | 1.58 | 16.2 | (4.4) | 300 | (31.6) | 402 | 3.2 | 299 | 59 | 159 | |
| 1,531.6 | 445 | 1.1 413 | 4.3 246 | — | 0.73 | 4.3 | (12.3) | 323 | (30.1) | 396 | (12.6) | 382 | 20 | 160 | |
| 37,655.3 | 111 | 6.9 231 | 5.6 189 | 24.4 114 | 1.97 | (30.4) | 2.5 | 244 | 11.5 | 117 | 12.1 | 104 | 21 | 161 | |
| 47,221.6 | 91 | 13.5 89 | 3.0 306 | 11.5 269 | 2.59 | 18.8 | 2.0 | 249 | 0.1 | 205 | 8.1 | 201 | 65 | 162 | |
| 54,606.0 | 77 | 15.7 67 | 3.3 290 | 12.2 260 | 6.06 | 8.2 | 10.2 | 111 | 0.8 | 201 | 13.3 | 88 | 65 | 163 | |
| 56,106.7 | 74 | 11.6 122 | 4.8 220 | 9.3 326 | 4.92 | 4.5 | 13.7 | 57 | 13.7 | 103 | 17.0 | 39 | 54 | 164 | |



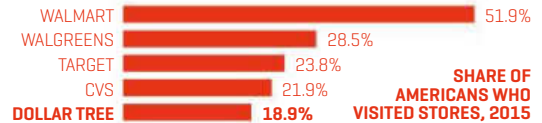
NO. 180 DOLLAR TREE →

The discount retailer made a big jump in the rankings by acquiring competitor Family Dollar and its roughly 8,200 stores in July 2015. The merger added \$6.2 billion in sales but further lowered margins on the chain's low-priced products. —J.C.

| RANK | | COMPANY | REVENUES | | PROFITS | | ASSETS | | STOCKHOLDERS' EQUITY | | |
|------|------|---|-----------------------|--------------------|-------------|------|-------------|-----------|----------------------|-----------|-----|
| 2015 | 2014 | | \$ millions | % change from 2014 | \$ millions | Rank | \$ millions | Rank | \$ millions | Rank | |
| 185 | 184 | AMERICAN ELECTRIC POWER Columbus, Ohio | 16,900.3 ^a | (0.7) | 2,047.1 | 113 | 25.3 | 61,683.1 | 96 | 17,891.7 | 85 |
| 186 | 182 | PG&E CORP. San Francisco, Calif. | 16,833.0 | (1.5) | 874.0 | 209 | [39.1] | 63,339.0 | 93 | 16,576.0 | 92 |
| 187 | 299 | NGL ENERGY PARTNERS Tulsa, Okla. ²⁴ | 16,802.1 | 73.2 | 16.7 | 442 | [65.0] | 6,547.5 | 401 | 2,125.8 | 367 |
| 188 | 195 | BRISTOL-MYERS SQUIBB New York, N.Y. | 16,560.0 | 4.3 | 1,565.0 | 140 | [21.9] | 31,748.0 | 173 | 14,266.0 | 104 |
| 189 | 166 | GOODYEAR TIRE & RUBBER Akron, Ohio | 16,443.0 | (9.3) | 307.0 | 353 | [87.5] | 16,439.0 | 261 | 3,920.0 | 290 |
| 170 | 139 | NUCOR Charlotte, N.C. | 16,439.3 | [22.1] | 357.7 | 335 | [49.9] | 14,250.4 | 288 | 7,416.9 | 182 |
| 171 | 192 | PNC FINANCIAL SERVICES GROUP Pittsburgh, Pa. | 16,270.0 | (0.1) | 4,106.0 | 64 | [1.9] | 358,493.0 | 18 | 44,710.0 | 29 |
| 172 | 216 | HEALTH NET Woodland Hills, Calif. ²⁸ | 16,243.6 | 16.0 | 185.7 | 389 | 27.5 | 6,397.6 | 409 | 1,833.1 | 384 |
| 173 | 190 | MICRON TECHNOLOGY Boise, Idaho ⁷ | 16,192.0 | (1.0) | 2,899.0 | 82 | [4.8] | 24,143.0 | 207 | 12,302.0 | 124 |
| 174 | 179 | COLGATE-PALMOLIVE New York, N.Y. | 16,034.0 | [7.2] | 1,384.0 | 158 | [36.5] | 11,958.0 | 313 | [299.0] | 484 |
| 175 | 137 | FREEMONT-MCMORAN Phoenix, Ariz. | 15,877.0 | [25.9] | [12,236.0] | 497 | — | 46,577.0 | 126 | 7,828.0 | 177 |
| 176 | 173 | CONAGRA FOODS Omaha, Neb. ¹⁶ | 15,848.6 ^a | [10.8] | [252.6] | 467 | [183.3] | 17,542.2 | 252 | 4,526.0 | 263 |
| 177 | 188 | GAP San Francisco, Calif. ¹ | 15,797.0 | [3.9] | 920.0 | 202 | [27.1] | 7,473.0 | 384 | 2,545.0 | 343 |
| 178 | 119 | BAKER HUGHES Houston, Texas | 15,742.0 | [35.9] | [1,967.0] | 486 | [214.4] | 24,080.0 | 209 | 16,298.0 | 95 |
| 179 | 189 | BANK OF NEW YORK MELLON CORP. New York, N.Y. | 15,523.0 | [5.3] | 3,158.0 | 79 | 23.0 | 393,780.0 | 17 | 38,037.0 | 37 |
| 180 | 330 | DOLLAR TREE Chesapeake, Va. ^{1,29} | 15,498.4 | 80.2 | 282.4 | 362 | [52.9] | 15,901.2 | 269 | 4,406.9 | 267 |
| 181 | 214 | WHOLE FOODS MARKET Austin, Texas ² | 15,389.0 | 8.4 | 536.0 | 285 | [7.4] | 5,741.0 | 431 | 3,769.0 | 296 |
| 182 | 198 | PPG INDUSTRIES Pittsburgh, Pa. | 15,330.0 | [1.8] | 1,406.0 | 155 | [33.1] | 17,076.0 | 259 | 4,983.0 | 246 |
| 183 | 199 | GENUINE PARTS Atlanta, Ga. | 15,280.0 | [0.4] | 705.7 | 244 | [0.8] | 8,144.8 | 369 | 3,146.6 | 313 |
| 184 | 155 | ICAHN ENTERPRISES New York, N.Y. ³ | 15,272.0 ^e | [20.3] | [1,194.0] | 483 | — | 36,442.0 | 154 | 3,987.0 | 283 |
| 185 | • | PERFORMANCE FOOD GROUP Richmond, Va. ^{12,30} | 15,270.0 | 11.6 | 56.5 | 431 | 264.5 | 3,390.9 | 470 | 493.0 | 462 |
| 186 | 200 | OMNICOM GROUP New York, N.Y. | 15,134.4 | [1.2] | 1,093.9 | 181 | [0.9] | 22,110.7 | 219 | 2,452.4 | 348 |
| 187 | 208 | DISH NETWORK Englewood, Colo. | 15,068.9 | 2.9 | 747.1 | 237 | [20.9] | 22,886.7 | 216 | 2,748.8 | 328 |
| 188 | 206 | FIRSTENERGY Akron, Ohio | 15,026.0 | [0.2] | 578.0 | 278 | 93.3 | 52,187.0 | 108 | 12,421.0 | 122 |
| 189 | 197 | MONSANTO St. Louis, Mo. ⁷ | 15,001.0 | [5.4] | 2,314.0 | 98 | [15.5] | 21,920.0 | 222 | 6,990.0 | 195 |
| 190 | 178 | AES Arlington, Va. | 14,963.0 | [13.9] | 306.0 | 354 | [60.2] | 36,850.0 | 152 | 3,149.0 | 312 |
| 191 | 232 | CARMAX Richmond, Va. ²² | 14,873.6 | 13.3 | 597.4 | 270 | 21.3 | 13,198.2 | 298 | 3,156.8 | 311 |
| 192 | 127 | NATIONAL OILWELL VARCO Houston, Texas ³¹ | 14,757.0 | [36.2] | [769.0] | 480 | [130.7] | 26,725.0 | 195 | 16,383.0 | 94 |
| 193 | 196 | NRG ENERGY Princeton, N.J. | 14,674.0 | [7.5] | [6,382.0] | 494 | [4,862.7] | 32,882.0 | 166 | 2,707.0 | 332 |
| 194 | 205 | WESTERN DIGITAL Irvine, Calif. ^{12,57} | 14,572.0 | [3.7] | 1,465.0 | 149 | [9.4] | 15,181.0 | 279 | 9,219.0 | 162 |
| 195 | 221 | MARRIOTT INTERNATIONAL Bethesda, Md. | 14,486.0 | 5.0 | 859.0 | 213 | 14.1 | 6,082.0 | 419 | [3,590.0] | 494 |
| 196 | 194 | OFFICE DEPOT Boca Raton, Fla. | 14,485.0 | [10.0] | 8.0 | 444 | — | 6,442.0 | 406 | 1,603.0 | 397 |
| 197 | 224 | NORDSTROM Seattle, Wash. ¹ | 14,437.0 | 6.9 | 600.0 | 269 | [16.7] | 7,698.0 | 377 | 871.0 | 437 |
| 198 | 193 | KINDER MORGAN Houston, Texas | 14,403.0 | [11.2] | 253.0 | 373 | [75.3] | 84,104.0 | 78 | 35,119.0 | 39 |
| 199 | 207 | ARAMARK Philadelphia, Pa. ² | 14,329.1 | [3.4] | 235.9 | 377 | 58.4 | 10,224.1 | 327 | 1,883.4 | 379 |
| 200 | 231 | DAVITA HEALTHCARE PARTNERS Denver, Colo. | 14,209.7 | 8.0 | 269.7 | 367 | [62.7] | 18,514.9 | 244 | 4,870.8 | 249 |
| 201 | 301 | MOLINA HEALTHCARE Long Beach, Calif. | 14,178.0 | 46.7 | 143.0 | 411 | 129.8 | 6,576.0 | 399 | 1,557.0 | 398 |
| 202 | 234 | WELLCARE HEALTH PLANS Tampa, Fla. | 13,890.2 | 7.2 | 118.6 | 419 | 86.2 | 5,193.6 | 441 | 1,728.3 | 393 |
| 203 | 212 | CBS New York, N.Y. | 13,886.0 | [4.1] | 1,413.0 | 154 | [52.2] | 23,765.0 | 210 | 5,563.0 | 227 |
| 204 | 238 | VISA Foster City, Calif. ² | 13,880.0 | 9.3 | 6,328.0 | 37 | 16.4 | 40,236.0 | 142 | 29,842.0 | 44 |
| 205 | 223 | LINCOLN NATIONAL Radnor, Pa. | 13,572.0 | 0.1 | 1,154.0 | 180 | [23.8] | 251,937.0 | 25 | 13,617.0 | 108 |
| 206 | 213 | ECOLAB St. Paul, Minn. | 13,545.1 | [5.1] | 1,002.1 | 192 | [16.7] | 18,641.7 | 243 | 6,909.9 | 198 |
| 207 | 210 | KELLOGG Battle Creek, Mich. | 13,525.0 | [7.2] | 614.0 | 265 | [2.8] | 15,265.0 | 277 | 2,128.0 | 366 |
| 208 | 225 | C.H. ROBINSON WORLDWIDE Eden Prairie, Minn. | 13,476.1 | 0.0 | 509.7 | 290 | 13.3 | 3,184.4 | 475 | 1,150.5 | 422 |
| 209 | 219 | TEXTRON Providence, R.I. | 13,423.0 | [3.3] | 697.0 | 246 | 16.2 | 14,708.0 | 285 | 4,964.0 | 247 |
| 210 | 211 | LOEWS New York, N.Y. | 13,415.0 | [7.9] | 260.0 | 371 | [56.0] | 76,029.0 | 83 | 17,561.0 | 88 |
| 211 | 201 | ILLINOIS TOOL WORKS Glenview, Ill. | 13,405.0 | [12.3] | 1,899.0 | 127 | [35.5] | 15,729.0 | 271 | 5,224.0 | 238 |
| 212 | 220 | SYNNEX Fremont, Calif. ³² | 13,338.4 | [3.6] | 208.5 | 385 | 15.8 | 4,444.1 | 450 | 1,799.4 | 386 |



DISCOUNT DOUBLE CHECK
 WALMART REMAINS THE MOST-VISITED RETAILER IN THE U.S., BUT DOLLAR TREE IS BECOMING MORE MAINSTREAM. ACCORDING TO A SURVEY LAST YEAR, THE ULTRA-DISCONTER WAS THE FIFTH-MOST-COMMON DESTINATION FOR SHOPPERS.



SOURCE: PLACED, MARCH 2015 DATA

| MARKET VALUE 3/31/16 | | PROFITS AS % OF ... | | | | | EARNINGS PER SHARE | | | | TOTAL RETURN TO INVESTORS | | | | | | |
|-------------------------|------|---------------------|------|--------|------|----------------------|--------------------|---------|--------------------|------------------------------|---------------------------|--------|------|-----------------------|------|-----------------------|-----------|
| \$ millions | Rank | Revenues | | Assets | | Stockholders' equity | | 2015 \$ | % change from 2014 | 2005-2015 annual growth rate | | 2015 % | Rank | 2005-2015 annual rate | | Industry table number | RANK 2015 |
| | | % | Rank | % | Rank | % | Rank | | | % | Rank | % | Rank | % | Rank | | |
| 32,605.9 | 128 | 12.1 | 116 | 3.3 | 291 | 11.4 | 271 | 4.17 | 24.9 | 7.2 | 158 | (0.2) | 210 | 9.3 | 156 | 65 | 165 |
| 29,431.8 | 138 | 5.2 | 272 | 1.4 | 375 | 5.3 | 397 | 1.79 | (41.5) | (2.8) | 288 | 3.3 | 174 | 7.7 | 213 | 65 | 166 |
| 805.1 | 458 | 0.1 | 444 | 0.3 | 440 | 0.8 | 429 | (0.29) | (156.9) | - | - | (56.3) | 454 | - | - | 67 | 167 |
| 106,847.5 | 38 | 9.5 | 158 | 4.9 | 215 | 11.0 | 278 | 0.93 | (22.5) | (4.8) | 302 | 19.3 | 68 | 16.4 | 47 | 49 | 168 |
| 8,813.4 | 312 | 1.9 | 386 | 1.9 | 356 | 7.8 | 355 | 1.12 | (87.2) | (0.4) | 273 | 15.3 | 91 | 6.7 | 235 | 44 | 169 |
| 15,038.6 | 226 | 2.2 | 376 | 2.5 | 329 | 4.8 | 402 | 1.11 | (50.0) | (12.3) | 324 | (15.1) | 322 | 5.5 | 257 | 42 | 170 |
| 42,378.5 | 99 | 25.2 | 19 | 1.1 | 382 | 9.2 | 328 | 7.39 | 1.2 | 5.0 | 204 | 6.7 | 151 | 7.1 | 226 | 8 | 171 |
| - | - | 1.1 | 411 | 2.9 | 308 | 10.1 | 301 | 2.37 | 31.7 | 1.8 | 253 | 27.9 | 38 | 2.9 | 306 | 26 | 172 |
| 10,862.2 | 274 | 17.9 | 47 | 12.0 | 50 | 23.6 | 120 | 2.47 | (2.8) | 23.9 | 18 | (59.6) | 455 | 0.6 | 330 | 56 | 173 |
| 63,072.0 | 63 | 8.6 | 179 | 11.6 | 55 | - | - | 1.52 | (35.6) | 2.3 | 246 | (1.6) | 220 | 11.8 | 109 | 32 | 174 |
| 12,944.1 | 244 | (77.1) | 496 | (26.3) | 496 | (156.3) | 471 | (11.31) | - | - | - | (69.9) | 460 | (9.7) | 379 | 43 | 175 |
| 19,370.9 | 198 | (1.6) | 460 | (1.4) | 465 | (5.6) | 448 | (0.60) | (185.7) | - | - | 19.3 | 69 | 11.3 | 118 | 21 | 176 |
| 11,675.9 | 264 | 5.8 | 254 | 12.3 | 46 | 36.1 | 58 | 2.23 | (22.3) | 6.0 | 184 | (39.8) | 427 | 5.5 | 259 | 57 | 177 |
| 19,191.1 | 200 | (12.5) | 484 | (8.2) | 485 | (12.1) | 457 | (4.49) | (214.5) | - | - | (16.7) | 334 | (1.6) | 350 | 46 | 178 |
| 39,621.7 | 106 | 20.3 | 37 | 0.8 | 405 | 8.3 | 345 | 2.71 | 26.0 | 2.9 | 233 | 3.2 | 176 | 4.7 | 271 | 8 | 179 |
| 19,393.3 | 197 | 1.8 | 388 | 1.8 | 359 | 6.4 | 386 | 1.26 | (56.6) | 9.0 | 132 | 9.7 | 126 | 25.5 | 7 | 58 | 180 |
| 10,098.8 | 287 | 3.5 | 330 | 9.3 | 82 | 14.2 | 220 | 1.48 | (5.1) | 11.6 | 87 | (32.7) | 406 | (0.1) | 336 | 20 | 181 |
| 29,741.7 | 137 | 9.2 | 165 | 8.2 | 108 | 28.2 | 91 | 5.14 | (31.6) | 11.4 | 92 | (13.3) | 311 | 16.1 | 50 | 7 | 182 |
| 14,855.9 | 229 | 4.6 | 286 | 8.7 | 100 | 22.4 | 127 | 4.63 | 0.4 | 6.4 | 176 | (17.2) | 337 | 10.5 | 134 | 67 | 183 |
| 8,289.9 | 319 | (7.8) | 480 | (3.3) | 478 | (29.9) | 464 | (9.29) | - | - | - | (28.3) | 390 | 8.3 | 194 | 13 | 184 |
| 2,395.6 | 427 | 0.4 | 438 | 1.7 | 366 | 11.5 | 270 | - | - | - | - | - | - | - | - | 69 | 185 |
| 19,941.1 | 192 | 7.2 | 219 | 4.9 | 212 | 44.6 | 43 | 4.41 | 4.0 | 7.3 | 154 | 0.3 | 204 | 8.0 | 202 | 1 | 186 |
| 21,473.9 | 183 | 5.0 | 276 | 3.3 | 296 | 27.2 | 94 | 1.61 | (21.1) | (6.7) | 311 | (21.6) | 365 | 11.1 | 121 | 59 | 187 |
| 15,238.7 | 224 | 3.8 | 315 | 1.1 | 384 | 4.7 | 403 | 1.37 | 93.0 | (6.2) | 309 | (15.0) | 321 | 0.2 | 335 | 65 | 188 |
| 38,636.8 | 108 | 15.4 | 70 | 10.6 | 65 | 33.1 | 69 | 4.81 | (7.9) | 26.2 | 10 | (16.0) | 330 | 11.3 | 120 | 7 | 189 |
| 7,784.9 | 327 | 2.0 | 382 | 0.8 | 402 | 9.7 | 311 | 0.44 | (58.5) | (7.4) | 313 | (28.1) | 389 | (4.3) | 365 | 65 | 190 |
| 10,001.8 | 290 | 4.0 | 310 | 4.5 | 235 | 18.9 | 161 | 2.73 | 26.4 | 17.7 | 34 | (18.9) | 350 | 14.6 | 67 | 5 | 191 |
| 11,687.4 | 263 | (5.2) | 475 | (2.9) | 476 | (4.7) | 444 | (1.99) | (134.2) | - | - | (46.6) | 443 | 3.0 | 302 | 46 | 192 |
| 4,109.6 | 385 | (43.5) | 491 | (19.4) | 494 | (235.8) | 475 | (19.46) | (8,560.9) | - | - | (55.0) | 452 | (6.0) | 371 | 16 | 193 |
| 10,996.1 | 273 | 10.1 | 146 | 9.7 | 76 | 15.9 | 199 | 6.18 | (7.5) | 21.1 | 21 | (44.5) | 436 | 13.1 | 91 | 9 | 194 |
| 18,042.8 | 208 | 5.9 | 250 | 14.1 | 34 | - | - | 3.15 | 24.0 | 8.2 | 143 | (13.0) | 306 | 9.0 | 164 | 31 | 195 |
| 3,897.8 | 391 | 0.1 | 445 | 0.1 | 444 | 0.5 | 431 | 0.01 | - | (36.0) | 334 | (34.2) | 412 | (15.8) | 386 | 58 | 196 |
| 9,892.8 | 293 | 4.2 | 306 | 7.8 | 121 | 68.9 | 25 | 3.15 | (15.3) | 4.8 | 207 | (31.1) | 401 | 5.7 | 255 | 25 | 197 |
| 39,855.6 | 105 | 1.8 | 391 | 0.3 | 438 | 0.7 | 430 | 0.10 | (88.8) | - | - | (62.6) | 458 | - | - | 50 | 198 |
| 8,012.0 | 324 | 1.6 | 395 | 2.3 | 341 | 12.5 | 254 | 0.96 | 52.4 | - | - | 4.7 | 164 | - | - | 14 | 199 |
| 15,123.6 | 225 | 1.9 | 385 | 1.5 | 372 | 5.5 | 392 | 1.25 | (62.5) | 1.3 | 258 | (8.0) | 269 | 10.7 | 131 | 27 | 200 |
| 3,649.2 | 395 | 1.0 | 415 | 2.2 | 345 | 9.2 | 327 | 2.58 | 100.0 | 14.7 | 54 | 12.3 | 112 | 13.0 | 96 | 26 | 201 |
| 4,092.4 | 388 | 0.9 | 422 | 2.3 | 342 | 6.9 | 377 | 2.67 | 85.4 | 7.3 | 155 | (4.7) | 248 | 6.7 | 236 | 26 | 202 |
| 25,316.1 | 158 | 10.2 | 143 | 5.9 | 175 | 25.4 | 107 | 2.89 | (45.2) | - | - | (13.8) | 314 | 8.8 | 174 | 18 | 203 |
| 183,663.4 | 17 | 45.6 | 2 | 15.7 | 22 | 21.2 | 140 | - | - | - | - | 19.1 | 70 | - | - | 19 | 204 |
| 9,445.5 | 301 | 8.5 | 183 | 0.5 | 429 | 8.5 | 343 | 4.51 | (20.5) | (0.5) | 274 | (11.6) | 291 | 1.2 | 323 | 36 | 205 |
| 32,746.4 | 126 | 7.4 | 213 | 5.4 | 198 | 14.5 | 216 | 3.32 | (15.5) | 10.4 | 108 | 10.7 | 119 | 13.5 | 84 | 7 | 206 |
| 26,963.7 | 145 | 4.5 | 291 | 4.0 | 265 | 28.9 | 86 | 1.72 | (1.7) | (3.1) | 291 | 13.8 | 100 | 8.3 | 193 | 21 | 207 |
| 10,632.9 | 277 | 3.8 | 316 | 16.0 | 21 | 44.3 | 44 | 3.51 | 15.1 | 11.7 | 84 | (15.2) | 323 | 7.3 | 224 | 62 | 208 |
| 9,809.4 | 294 | 5.2 | 271 | 4.7 | 225 | 14.0 | 227 | 2.50 | 17.4 | 12.9 | 67 | (0.0) | 208 | 1.8 | 321 | 2 | 209 |
| 12,970.1 | 243 | 1.9 | 383 | 0.3 | 433 | 1.5 | 426 | 0.72 | (53.5) | (8.3) | 318 | (8.0) | 270 | 2.6 | 307 | 38 | 210 |
| 37,264.3 | 112 | 14.2 | 83 | 12.1 | 48 | 36.4 | 57 | 5.13 | (29.5) | 7.0 | 161 | 0.0 | 206 | 10.3 | 138 | 33 | 211 |
| 3,674.2 | 393 | 1.6 | 399 | 4.7 | 227 | 11.6 | 268 | 5.24 | 14.7 | - | - | 15.9 | 87 | - | - | 68 | 212 |



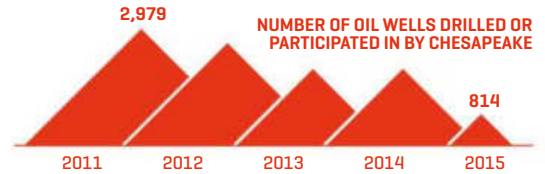
NO. 223 CHESAPEAKE ENERGY →

Low oil and natural-gas prices drove the Oklahoma energy company to a net loss of \$14.7 billion in 2015 despite cost cutting. The shocking death of former CEO Aubrey McClendon in a single-car accident in March cast a pall over 2016 too. —J.C.

| RANK | | REVENUES | | PROFITS | | | ASSETS | | STOCKHOLDERS' EQUITY | | |
|------------|------|---|------------------------|-------------|------------|--------------------|-------------|-----------|----------------------|-----------|-----|
| 2015 | 2014 | \$ millions | % change from 2014 | \$ millions | Rank | % change from 2014 | \$ millions | Rank | \$ millions | Rank | |
| 213 | 222 | VIACOM <i>New York, N.Y.</i> ² | 13,268.0 | (3.7) | 1,922.0 | 126 | (19.6) | 22,217.0 | 218 | 3,538.0 | 303 |
| 214 | 150 | HOLLYFRONTIER <i>Dallas, Texas</i> | 13,237.9 [€] | [33.0] | 740.1 | 239 | 163.1 | 8,388.3 | 363 | 5,253.4 | 237 |
| 215 | 203 | LAND O'LAKES <i>Arden Hills, Minn.</i> [¢] | 13,160.9 [†] | [13.4] | 307.6 | 352 | 15.4 | 8,000.0 | 375 | 1,776.1 | 391 |
| 216 | 152 | DEVON ENERGY <i>Oklahoma City, Okla.</i> | 13,145.0 | [32.8] | [14,454.0] | 498 | [999.4] | 29,532.0 | 182 | 7,049.0 | 194 |
| 217 | 149 | PBF ENERGY <i>Parsippany, N.J.</i> | 13,123.9 [€] | [33.8] | 146.4 | 408 | — | 6,105.1 | 417 | 1,647.3 | 395 |
| 218 | 228 | YUM BRANDS <i>Louisville, Ky.</i> | 13,105.0 | (1.3) | 1,293.0 | 162 | 23.0 | 8,075.0 | 373 | 911.0 | 433 |
| 219 | 233 | TEXAS INSTRUMENTS <i>Dallas, Texas</i> | 13,000.0 | (0.3) | 2,986.0 | 80 | 5.8 | 16,230.0 | 268 | 9,946.0 | 152 |
| 220 | 253 | CDW <i>Lincolnshire, Ill.</i> | 12,988.7 | 7.6 | 403.1 | 323 | 64.6 | 6,755.3 | 396 | 1,095.9 | 423 |
| 221 | 217 | WASTE MANAGEMENT <i>Houston, Texas</i> | 12,961.0 | (7.4) | 753.0 | 233 | (42.0) | 20,419.0 | 234 | 5,345.0 | 235 |
| 222 | 235 | MARSH & MCLENNAN <i>New York, N.Y.</i> | 12,893.0 | (0.4) | 1,599.0 | 139 | 9.1 | 18,216.0 | 247 | 6,513.0 | 205 |
| 223 | 142 | CHESAPEAKE ENERGY <i>Oklahoma City, Okla.</i> | 12,764.0 | [39.1] | [14,685.0] | 499 | [866.0] | 17,357.0 | 257 | 2,138.0 | 365 |
| 224 | 230 | PARKER-HANNIFIN <i>Cleveland, Ohio</i> ¹² | 12,711.7 | (3.8) | 1,012.1 | 191 | (2.8) | 12,295.0 | 310 | 5,104.3 | 242 |
| 225 | 115 | OCCIDENTAL PETROLEUM <i>Houston, Texas</i> ³³ | 12,699.0 | [51.0] | [7,829.0] | 496 | [1,370.9] | 43,437.0 | 132 | 24,350.0 | 56 |
| 226 | 254 | GUARDIAN LIFE INS. CO. OF AMERICA <i>New York, N.Y.</i> | 12,628.1 | 6.0 | 410.7 | 318 | [7.8] | 65,072.0 | 91 | 6,089.7 | 213 |
| 227 | 264 | FARMERS INSURANCE EXCHANGE <i>Woodland Hills, Calif.</i> | 12,625.7 | 11.6 | [113.7] | 453 | [4,697.7] | 15,566.6 | 273 | 4,206.8 | 275 |
| 228 | 250 | J.C. PENNEY <i>Plano, Texas</i> ¹ | 12,625.0 | 3.0 | [513.0] | 473 | — | 9,442.0 | 344 | 1,309.0 | 411 |
| 229 | 236 | CONSOLIDATED EDISON <i>New York, N.Y.</i> | 12,554.0 | (2.8) | 1,193.0 | 175 | 9.2 | 45,642.0 | 129 | 13,052.0 | 115 |
| 230 | 288 | COGNIZANT TECHNOLOGY SOLUTIONS <i>Teaneck, N.J.</i> | 12,416.0 | 21.0 | 1,623.6 | 136 | 12.8 | 13,065.4 | 299 | 9,278.1 | 160 |
| 231 | 248 | VF <i>Greensboro, N.C.</i> | 12,376.7 | 0.8 | 1,231.6 | 169 | 17.6 | 9,639.5 | 339 | 5,384.8 | 232 |
| 232 | 247 | AMERIPRISE FINANCIAL <i>Minneapolis, Minn.</i> | 12,200.0 | (0.8) | 1,562.0 | 142 | (3.5) | 145,342.0 | 47 | 7,217.0 | 188 |
| 233 | 229 | COMPUTER SCIENCES <i>Falls Church, Va.</i> ⁴ | 12,183.0 [†] | (7.9) | [8.0] | 446 | [100.8] | 10,201.0 | 329 | 2,921.0 | 322 |
| 234 | 262 | L BRANDS <i>Columbus, Ohio</i> ¹ | 12,153.8 | 6.1 | 1,253.0 | 167 | 20.3 | 8,493.0 | 362 | [259.0] | 483 |
| 235 | 239 | JACOBS ENGINEERING GROUP <i>Pasadena, Calif.</i> ² | 12,114.8 | (4.6) | 303.0 | 357 | (7.7) | 7,785.9 | 376 | 4,291.7 | 272 |
| 236 | 282 | PRINCIPAL FINANCIAL <i>Des Moines, Iowa</i> | 11,964.4 | 14.2 | 1,234.0 | 168 | 7.9 | 218,685.9 | 33 | 9,311.6 | 159 |
| 237 | 269 | ROSS STORES <i>Dublin, Calif.</i> ¹ | 11,940.0 | 8.1 | 1,020.7 | 188 | 10.4 | 4,869.1 | 444 | 2,472.0 | 345 |
| 238 | 260 | BED BATH & BEYOND <i>Union, N.J.</i> ²² | 11,881.2 | 3.3 | 957.5 | 198 | (6.3) | 6,759.0 | 395 | 2,743.2 | 329 |
| 239 | 240 | CSX <i>Jacksonville, Fla.</i> | 11,811.0 | (6.8) | 1,968.0 | 120 | 2.1 | 35,039.0 | 157 | 11,652.0 | 133 |
| 240 | 245 | TOYS "R" US <i>Wayne, N.J.</i> ¹ | 11,802.0 | (4.5) | [130.0] | 454 | — | 6,968.0 | 393 | [1,265.0] | 491 |
| 241 | 209 | LAS VEGAS SANDS <i>Las Vegas, Nev.</i> | 11,688.5 | [19.9] | 1,966.2 | 121 | [30.8] | 20,987.4 | 230 | 6,816.7 | 201 |
| 242 | 244 | LEUCADIA NATIONAL <i>New York, N.Y.</i> | 11,683.9 | (5.8) | 283.7 | 361 | 36.1 | 46,339.8 | 128 | 10,401.2 | 143 |
| 243 | 243 | DOMINION RESOURCES <i>Richmond, Va.</i> | 11,683.0 | (6.1) | 1,899.0 | 127 | 45.0 | 58,797.0 | 98 | 12,664.0 | 121 |
| 244 | 176 | UNITED STATES STEEL <i>Pittsburgh, Pa.</i> | 11,574.0 | [33.9] | [1,642.0] | 485 | [1,709.8] | 9,190.0 | 353 | 2,436.0 | 349 |
| 245 | 252 | L-3 COMMUNICATIONS <i>New York, N.Y.</i> | 11,554.0 [†] | (4.7) | [240.0] | 466 | [136.1] | 12,085.0 | 311 | 4,355.0 | 270 |
| 246 | 226 | EDISON INTERNATIONAL <i>Rosemead, Calif.</i> | 11,524.0 | [14.1] | 1,020.0 | 189 | [36.7] | 50,310.0 | 112 | 11,368.0 | 135 |
| 247 | 241 | ENTERGY <i>New Orleans, La.</i> | 11,513.3 | (7.9) | [176.6] | 460 | [118.8] | 44,647.7 | 130 | 9,256.8 | 161 |
| 248 | 251 | AUTOMATIC DATA PROCESSING <i>Roseland, N.J.</i> ¹² | 11,477.3 [†] | (6.1) | 1,452.5 | 150 | (4.2) | 33,110.5 | 164 | 4,808.5 | 254 |
| 249 | 265 | FIRST DATA <i>Atlanta, Ga.</i> ³⁴ | 11,451.0 | 2.7 | [1,481.0] | 484 | — | 34,362.0 | 158 | 668.0 | 453 |
| 250 | 267 | BLACKROCK <i>New York, N.Y.</i> | 11,401.0 | 2.9 | 3,345.0 | 76 | 1.5 | 225,261.0 | 31 | 28,503.0 | 46 |
| 251 | 293 | WESTROCK <i>Richmond, Va.</i> ^{2,35} | 11,381.3 | 15.0 | 507.1 | 291 | 5.7 | 25,356.8 | 199 | 11,651.8 | 134 |
| 252 | 268 | VOYA FINANCIAL <i>New York, N.Y.</i> | 11,341.2 | 2.4 | 408.3 | 320 | [82.2] | 218,249.6 | 34 | 13,435.8 | 110 |
| 253 | 266 | SHERWIN-WILLIAMS <i>Cleveland, Ohio</i> | 11,339.3 | 1.9 | 1,053.8 | 185 | 21.7 | 5,791.9 | 429 | 867.9 | 438 |
| 254 | 280 | HILTON WORLDWIDE HOLDINGS <i>McLean, Va.</i> | 11,272.0 | 7.3 | 1,404.0 | 156 | 108.6 | 25,716.0 | 198 | 5,985.0 | 215 |
| 255 | 258 | R.R. DONNELLEY & SONS <i>Chicago, Ill.</i> | 11,256.8 | (3.0) | 151.1 | 403 | 28.7 | 7,279.3 | 390 | 682.7 | 452 |
| 256 | 261 | STANLEY BLACK & DECKER <i>New Britain, Conn.</i> | 11,211.2 [†] | (2.1) | 883.7 | 204 | 16.1 | 15,172.3 | 280 | 5,811.6 | 220 |
| 257 | 255 | XCEL ENERGY <i>Minneapolis, Minn.</i> | 11,024.5 | (5.7) | 984.5 | 195 | (3.6) | 39,053.5 | 146 | 10,600.9 | 142 |
| 258 | 202 | MURPHY USA <i>El Dorado, Ark.</i> | 10,885.3 ^{†E} | [28.8] | 176.3 | 394 | [27.7] | 1,886.2 | 495 | 792.3 | 441 |
| 259 | 321 | CBRE GROUP <i>Los Angeles, Calif.</i> | 10,855.8 | 20.0 | 547.1 | 283 | 12.9 | 11,017.9 | 321 | 2,712.7 | 331 |
| 260 | 354 | D.R. HORTON <i>Fort Worth, Texas</i> ² | 10,824.0 | 34.9 | 750.7 | 235 | 40.7 | 11,151.0 | 319 | 5,894.3 | 218 |

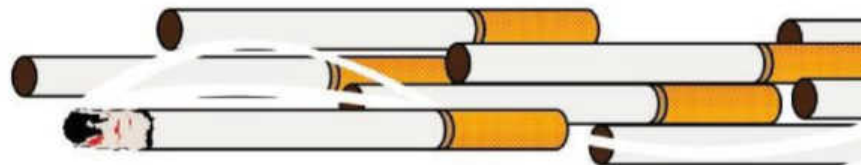


A GUSHER DRIES UP
 THANKS TO THE SHALE BOOM, PIONEERED IN PART BY CHESAPEAKE, DRILLING ACTIVITY AND OIL PRODUCTION IN THE U.S. SURGED IN RECENT YEARS. BUT IN 2015 LOWER OIL PRICES LED TO A SHARP DROPOFF IN THE NUMBER OF WELLS DRILLED.



SOURCE: CHESAPEAKE ENERGY

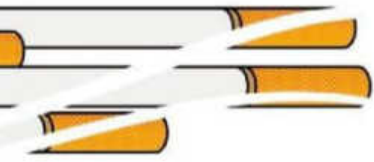
| MARKET VALUE 3/31/16 | | PROFITS AS % OF ... | | | | | | EARNINGS PER SHARE | | | | TOTAL RETURN TO INVESTORS | | | | Industry table number | RANK 2015 |
|-------------------------|------|---------------------|------|--------|------|----------------------|------|--------------------|--------------------|------------------------------|------|---------------------------|------|-----------------------|------|-----------------------------|--------------|
| \$ millions | Rank | Revenues | | Assets | | Stockholders' equity | | 2015 \$ | % change from 2014 | 2005-2015 annual growth rate | | 2015 % | Rank | 2005-2015 annual rate | | | |
| | | % | Rank | % | Rank | % | Rank | | | % | Rank | % | Rank | % | Rank | | |
| 16,342.4 | 215 | 14.5 | 77 | 8.7 | 101 | 54.3 | 33 | 4.73 | (12.9) | 11.0 | 100 | (43.9) | 435 | 1.1 | 325 | 18 | 213 |
| 6,234.6 | 353 | 5.6 | 262 | 8.8 | 94 | 14.1 | 224 | 3.90 | 174.6 | 11.4 | 93 | 9.7 | 125 | 14.8 | 63 | 48 | 214 |
| - | - | 2.3 | 368 | 3.8 | 270 | 17.3 | 179 | - | - | - | - | - | - | - | - | 21 | 215 |
| 14,375.6 | 230 | (110.0) | 498 | (48.9) | 498 | (205.1) | 472 | (35.55) | (1,009.2) | - | - | (46.6) | 442 | (5.4) | 370 | 43 | 216 |
| 3,411.7 | 401 | 1.1 | 412 | 2.4 | 335 | 8.9 | 336 | 1.65 | - | - | - | 43.7 | 14 | - | - | 48 | 217 |
| 33,453.0 | 124 | 9.9 | 152 | 16.0 | 20 | 141.9 | 11 | 2.92 | 25.9 | 8.6 | 138 | 2.4 | 185 | 14.2 | 73 | 23 | 218 |
| 57,721.9 | 69 | 23.0 | 23 | 18.4 | 10 | 30.0 | 78 | 2.82 | 9.7 | 7.3 | 153 | 5.2 | 160 | 7.6 | 215 | 56 | 219 |
| 6,886.4 | 340 | 3.1 | 339 | 6.0 | 171 | 36.8 | 54 | 2.35 | 65.5 | - | - | 20.5 | 63 | - | - | 34 | 220 |
| 26,233.8 | 152 | 5.8 | 255 | 3.7 | 278 | 14.1 | 225 | 1.65 | (40.9) | (2.3) | 284 | 7.2 | 144 | 9.5 | 151 | 66 | 221 |
| 31,685.4 | 131 | 12.4 | 109 | 8.8 | 95 | 24.6 | 113 | 2.98 | 12.5 | 14.9 | 51 | (1.1) | 215 | 8.6 | 180 | 13 | 222 |
| 2,803.9 | 416 | (115.1) | 499 | (84.6) | 499 | (686.9) | 476 | (22.43) | (1,299.5) | - | - | (76.8) | 463 | (16.3) | 387 | 43 | 223 |
| 15,007.2 | 227 | 8.0 | 197 | 8.2 | 109 | 19.8 | 152 | 6.97 | 1.5 | 7.6 | 152 | (23.1) | 373 | 10.1 | 142 | 33 | 224 |
| 52,269.9 | 80 | (61.7) | 494 | (18.0) | 492 | (32.2) | 465 | (10.23) | (1,394.9) | - | - | (12.8) | 302 | 8.2 | 196 | 43 | 225 |
| - | - | 3.3 | 335 | 0.6 | 415 | 6.7 | 380 | - | - | - | - | - | - | - | - | 35 | 226 |
| - | - | (0.9) | 454 | (0.7) | 456 | (2.7) | 439 | - | - | - | - | - | - | - | - | 37 | 227 |
| 3,394.1 | 402 | (4.1) | 471 | (5.4) | 481 | (39.2) | 467 | (1.68) | - | - | - | 2.8 | 180 | (18.0) | 388 | 25 | 228 |
| 22,494.8 | 180 | 9.5 | 155 | 2.6 | 321 | 9.1 | 330 | 4.05 | 9.2 | 3.3 | 229 | 1.6 | 192 | 8.4 | 188 | 65 | 229 |
| 38,191.9 | 109 | 13.1 | 95 | 12.4 | 45 | 17.5 | 176 | 2.65 | 12.8 | 25.1 | 11 | 14.0 | 99 | 16.9 | 40 | 34 | 230 |
| 27,421.6 | 141 | 10.0 | 148 | 12.8 | 42 | 22.9 | 125 | 2.85 | 19.7 | 9.9 | 116 | (15.3) | 324 | 19.2 | 26 | 4 | 231 |
| 15,823.0 | 219 | 12.8 | 100 | 1.1 | 388 | 21.6 | 137 | 8.48 | 2.2 | 13.8 | 56 | (17.8) | 343 | 12.1 | 103 | 13 | 232 |
| 4,748.1 | 378 | (0.1) | 446 | (0.1) | 446 | (0.3) | 432 | (0.05) | (100.8) | - | - | 8.9 | 131 | 4.0 | 289 | 34 | 233 |
| 25,208.5 | 160 | 10.3 | 141 | 14.8 | 27 | - | - | 4.22 | 20.6 | 9.8 | 118 | 15.7 | 88 | 22.7 | 14 | 57 | 234 |
| 5,336.5 | 369 | 2.5 | 363 | 3.9 | 267 | 7.1 | 372 | 2.40 | (3.2) | 6.4 | 174 | (6.1) | 256 | 2.1 | 318 | 17 | 235 |
| 11,504.6 | 267 | 10.3 | 140 | 0.6 | 422 | 13.3 | 239 | 4.06 | 11.2 | 2.7 | 241 | (10.7) | 285 | 1.7 | 322 | 36 | 236 |
| 23,234.6 | 173 | 8.5 | 181 | 21.0 | 7 | 41.3 | 46 | 2.51 | 13.6 | 22.1 | 19 | 15.5 | 89 | 23.6 | 9 | 57 | 237 |
| 8,120.5 | 321 | 8.1 | 195 | 14.2 | 32 | 34.9 | 63 | 5.07 | 5.8 | 11.9 | 81 | (36.7) | 417 | 2.9 | 305 | 58 | 238 |
| 24,650.8 | 163 | 16.7 | 53 | 5.6 | 185 | 16.9 | 186 | 2.00 | 4.2 | 9.1 | 130 | (26.7) | 381 | 14.0 | 76 | 52 | 239 |
| - | - | (1.1) | 455 | (1.9) | 470 | - | - | - | - | - | - | - | - | - | - | 58 | 240 |
| 41,069.8 | 100 | 16.8 | 51 | 9.4 | 80 | 28.8 | 87 | 2.47 | (29.8) | 11.9 | 79 | (20.3) | 355 | 2.9 | 304 | 31 | 241 |
| 5,857.5 | 360 | 2.4 | 366 | 0.6 | 416 | 2.7 | 418 | 0.74 | 37.0 | (20.3) | 332 | (21.5) | 364 | (2.1) | 352 | 22 | 242 |
| 44,826.1 | 94 | 16.3 | 55 | 3.2 | 299 | 15.0 | 211 | 3.20 | 42.9 | 7.9 | 149 | (8.7) | 272 | 10.0 | 145 | 65 | 243 |
| 2,350.0 | 429 | (14.2) | 486 | (17.9) | 491 | (67.4) | 469 | (11.24) | (1,729.0) | - | - | (69.8) | 459 | (15.6) | 385 | 42 | 244 |
| 9,186.4 | 307 | (2.1) | 464 | (2.0) | 472 | (5.5) | 447 | (2.93) | (138.8) | - | - | (3.2) | 236 | 7.3 | 223 | 2 | 245 |
| 23,422.6 | 171 | 8.9 | 174 | 2.0 | 352 | 9.0 | 332 | 3.10 | (36.6) | (1.0) | 277 | (7.0) | 263 | 6.2 | 247 | 65 | 246 |
| 14,218.7 | 232 | (1.5) | 459 | (0.4) | 449 | (1.9) | 436 | (0.99) | (119.0) | - | - | (18.1) | 344 | 4.1 | 284 | 65 | 247 |
| 41,037.9 | 101 | 12.7 | 101 | 4.4 | 241 | 30.2 | 77 | 3.05 | (2.9) | 5.5 | 194 | 4.1 | 169 | 11.8 | 111 | 14 | 248 |
| 11,669.1 | 265 | (12.9) | 485 | (4.3) | 479 | (221.7) | 474 | (7.70) | - | - | - | - | - | - | - | 19 | 249 |
| 56,356.2 | 73 | 29.3 | 10 | 1.5 | 371 | 11.7 | 266 | 19.79 | 2.8 | - | - | (2.3) | 225 | - | - | 55 | 250 |
| 9,907.7 | 292 | 4.5 | 296 | 2.0 | 353 | 4.4 | 405 | 2.93 | (10.9) | 28.2 | 7 | (23.4) | 374 | 22.7 | 15 | 47 | 251 |
| 6,200.4 | 355 | 3.6 | 325 | 0.2 | 443 | 3.0 | 415 | 1.80 | (80.0) | - | - | (12.8) | 303 | - | - | 13 | 252 |
| 26,266.6 | 151 | 9.3 | 162 | 18.2 | 12 | 121.4 | 15 | 11.16 | 27.1 | 13.0 | 63 | (0.3) | 211 | 21.1 | 20 | 7 | 253 |
| 22,289.3 | 181 | 12.5 | 108 | 5.5 | 193 | 23.5 | 121 | 1.42 | 108.8 | - | - | (17.5) | 339 | - | - | 31 | 254 |
| 3,423.8 | 400 | 1.3 | 408 | 2.1 | 349 | 22.1 | 130 | 0.73 | 23.7 | 1.5 | 255 | (7.0) | 262 | (2.4) | 355 | 51 | 255 |
| 15,770.8 | 220 | 7.9 | 200 | 5.8 | 179 | 15.2 | 206 | 5.79 | 21.6 | 6.2 | 178 | 13.4 | 105 | 11.1 | 122 | 29 | 256 |
| 21,225.9 | 186 | 8.9 | 171 | 2.5 | 328 | 9.3 | 325 | 1.94 | (4.4) | 4.7 | 212 | 3.6 | 172 | 11.5 | 116 | 65 | 257 |
| 2,456.5 | 426 | 1.6 | 396 | 9.3 | 81 | 22.3 | 129 | 4.02 | (23.6) | - | - | (11.8) | 292 | - | - | 58 | 258 |
| 9,632.8 | 297 | 5.0 | 273 | 5.0 | 211 | 20.2 | 150 | 1.63 | 12.4 | 5.6 | 191 | 1.0 | 199 | 5.8 | 253 | 53 | 259 |
| 11,178.1 | 270 | 6.9 | 230 | 6.7 | 152 | 12.7 | 249 | 2.03 | 35.3 | (7.9) | 316 | 27.8 | 39 | 0.5 | 331 | 30 | 260 |



NO. 266 REYNOLDS AMERICAN →

Despite a national slowdown in tobacco use, the parent company of Camel and Pall Mall cigarettes reported a 26% year-over-year gain in revenues thanks to its 2015 acquisition of rival Lorillard, which owns leading brand Newport. —J.C.

| | | | REVENUES | | PROFITS | | | ASSETS | | STOCKHOLDERS' EQUITY | |
|------|------|---|-----------------------|--------------------|-------------|------|--------------------|-------------|------|----------------------|------|
| RANK | | | \$ millions | % change from 2014 | \$ millions | Rank | % change from 2014 | \$ millions | Rank | \$ millions | Rank |
| 2015 | 2014 | | | | | | | | | | |
| 261 | 271 | ESTÉE LAUDER <i>New York, N.Y.</i> ¹² | 10,780.4 | (1.7) | 1,088.9 | 182 | (9.6) | 8,239.2 | 367 | 3,643.2 | 300 |
| 262 | 249 | PRAXAIR <i>Danbury, Conn.</i> | 10,776.0 | (12.2) | 1,547.0 | 144 | (8.7) | 18,319.0 | 245 | 4,389.0 | 268 |
| 263 | 298 | BIOGEN <i>Cambridge, Mass.</i> | 10,763.8 | 10.9 | 3,547.0 | 71 | 20.9 | 19,504.8 | 237 | 9,372.8 | 157 |
| 264 | 278 | STATE STREET CORP. <i>Boston, Mass.</i> | 10,760.0 | 0.9 | 1,980.0 | 118 | (2.1) | 245,192.0 | 26 | 21,103.0 | 67 |
| 265 | 279 | UNUM GROUP <i>Chattanooga, Tenn.</i> | 10,731.3 | 2.1 | 867.1 | 212 | 109.7 | 60,589.7 | 97 | 8,663.9 | 170 |
| 266 | 337 | REYNOLDS AMERICAN <i>Winston-Salem, N.C.</i> | 10,675.0 ⁶ | 26.0 | 3,253.0 | 78 | 121.3 | 53,224.0 | 105 | 18,252.0 | 83 |
| 267 | 291 | GROUP1 AUTOMOTIVE <i>Houston, Texas</i> | 10,632.5 | 7.0 | 94.0 | 422 | 1.1 | 4,414.9 | 452 | 918.3 | 431 |
| 268 | 287 | HENRY SCHEIN <i>Melville, N.Y.</i> | 10,629.7 | 2.5 | 479.1 | 301 | 2.8 | 6,504.7 | 404 | 2,884.3 | 323 |
| 269 | • | HERTZ GLOBAL HOLDINGS <i>Estero, Fla.</i> | 10,535.0 | (4.6) | 273.0 | 366 | — | 23,358.0 | 213 | 2,019.0 | 370 |
| 270 | 256 | NORFOLK SOUTHERN <i>Norfolk, Va.</i> | 10,511.0 | (9.6) | 1,556.0 | 143 | (22.2) | 34,260.0 | 159 | 12,188.0 | 125 |
| 271 | 273 | REINSURANCE GROUP OF AMERICA <i>Chesterfield, Mo.</i> | 10,418.2 | (4.5) | 502.2 | 294 | (26.6) | 50,383.2 | 111 | 6,135.4 | 212 |
| 272 | 274 | PUBLIC SERVICE ENTERPRISE GROUP <i>Newark, N.J.</i> | 10,415.0 | (4.3) | 1,679.0 | 135 | 10.6 | 37,535.0 | 149 | 13,066.0 | 114 |
| 273 | 292 | BBBT CORP. <i>Winston-Salem, N.C.</i> | 10,346.0 | 4.2 | 2,084.0 | 111 | (3.1) | 209,947.0 | 35 | 27,306.0 | 52 |
| 274 | 246 | DTE ENERGY <i>Detroit, Mich.</i> | 10,337.0 | (16.0) | 727.0 | 240 | (19.7) | 28,737.0 | 186 | 8,772.0 | 169 |
| 275 | 285 | ASSURANT <i>New York, N.Y.</i> | 10,325.5 | (0.5) | 141.6 | 415 | (69.9) | 30,043.1 | 179 | 4,524.0 | 264 |
| 276 | 180 | GLOBAL PARTNERS <i>Waltham, Mass.</i> ⁹ | 10,314.9 | (40.3) | 43.6 | 435 | (62.0) | 2,663.7 | 479 | 647.8 | 454 |
| 277 | 259 | HUNTSMAN <i>The Woodlands, Texas</i> | 10,299.0 | (11.0) | 93.0 | 423 | (71.2) | 9,820.0 | 336 | 1,442.0 | 405 |
| 278 | 338 | BECTON DICKINSON <i>Franklin Lakes, N.J.</i> ² | 10,282.0 | 21.7 | 695.0 | 247 | (41.4) | 26,820.0 | 194 | 7,164.0 | 189 |
| 279 | 270 | SEMPRA ENERGY <i>San Diego, Calif.</i> | 10,231.0 | (7.3) | 1,349.0 | 160 | 16.2 | 41,150.0 | 138 | 11,809.0 | 131 |
| 280 | 307 | AUTOZONE <i>Memphis, Tenn.</i> ⁷ | 10,187.3 | 7.5 | 1,160.2 | 178 | 8.5 | 8,102.3 | 371 | (1,701.4) | 492 |
| 281 | 276 | NAVISTAR INTERNATIONAL <i>Lisle, Ill.</i> ¹¹ | 10,140.0 | (6.2) | (184.0) | 462 | — | 6,692.0 | 397 | (5,167.0) | 496 |
| 282 | 302 | PRECISION CASTPARTS <i>Portland, Ore.</i> ^{4,36} | 10,056.0 ⁴ | 4.3 | 1,530.0 | 146 | (13.9) | 19,428.0 | 238 | 10,929.0 | 138 |
| 283 | 303 | DISCOVER FINANCIAL SERVICES <i>Riverwoods, Ill.</i> | 10,002.0 | 4.1 | 2,297.0 | 99 | (1.1) | 86,936.0 | 77 | 11,275.0 | 137 |
| 284 | 263 | LIBERTY INTERACTIVE <i>Englewood, Colo.</i> | 9,989.0 | (12.2) | 869.0 | 211 | 61.8 | 21,180.0 | 228 | 6,787.0 | 202 |
| 285 | 290 | W.W. GRAINGER <i>Lake Forest, Ill.</i> | 9,973.4 | 0.1 | 769.0 | 228 | (4.1) | 5,857.8 | 427 | 2,266.6 | 357 |
| 286 | 185 | BAXTER INTERNATIONAL <i>Deerfield, Ill.</i> ³⁷ | 9,968.0 | (41.3) | 968.0 | 197 | (61.2) | 20,975.0 | 231 | 8,846.0 | 166 |
| 287 | 300 | STRYKER <i>Kalamazoo, Mich.</i> | 9,946.0 | 2.8 | 1,439.0 | 152 | 179.4 | 16,247.0 | 267 | 8,511.0 | 172 |
| 288 | 284 | AIR PRODUCTS & CHEMICALS <i>Allentown, Pa.</i> ² | 9,894.9 | (5.3) | 1,277.9 | 164 | 28.9 | 17,438.1 | 254 | 7,249.0 | 187 |
| 289 | 204 | WESTERN REFINING <i>El Paso, Texas</i> | 9,787.0 ⁵ | (35.4) | 406.8 | 321 | (27.4) | 5,833.4 | 428 | 1,299.3 | 413 |
| 290 | 324 | UNIVERSAL HEALTH SERVICES <i>King of Prussia, Pa.</i> | 9,784.7 | 11.6 | 680.5 | 254 | 24.8 | 9,634.1 | 340 | 4,249.6 | 274 |
| 291 | 309 | OWENS & MINOR <i>Mechanicsville, Va.</i> | 9,772.9 | 3.5 | 103.4 | 421 | 55.5 | 2,777.8 | 478 | 992.6 | 427 |
| 292 | 317 | CHARTER COMMUNICATIONS <i>Stamford, Conn.</i> | 9,754.0 | 7.1 | (271.0) | 468 | — | 39,316.0 | 144 | (46.0) | 478 |
| 293 | 294 | ADVANCE AUTO PARTS <i>Roanoke, Va.</i> | 9,737.0 | (1.1) | 473.4 | 303 | (4.1) | 8,134.6 | 370 | 2,460.6 | 347 |
| 294 | 308 | MASTERCARD <i>Purchase, N.Y.</i> | 9,667.0 | 2.0 | 3,808.0 | 68 | 5.3 | 16,269.0 | 266 | 6,028.0 | 214 |
| 295 | 319 | APPLIED MATERIALS <i>Santa Clara, Calif.</i> ¹¹ | 9,659.0 | 6.5 | 1,377.0 | 159 | 28.5 | 15,308.0 | 276 | 7,613.0 | 181 |
| 296 | 305 | EASTMAN CHEMICAL <i>Kingsport, Tenn.</i> | 9,648.0 | 1.3 | 848.0 | 214 | 12.9 | 15,611.0 | 272 | 3,941.0 | 287 |
| 297 | 315 | SONIC AUTOMOTIVE <i>Charlotte, N.C.</i> | 9,624.3 | 4.6 | 86.3 | 425 | (11.2) | 3,562.4 | 466 | 729.0 | 444 |
| 298 | 295 | ALLY FINANCIAL <i>Detroit, Mich.</i> | 9,539.0 | (2.6) | 1,289.0 | 163 | 12.1 | 158,581.0 | 45 | 13,439.0 | 109 |
| 299 | 277 | CST BRANDS <i>San Antonio, Texas</i> | 9,499.0 ⁵ | (11.9) | 149.0 | 405 | (25.5) | 3,840.0 | 463 | 910.0 | 434 |
| 300 | 172 | EBAY <i>San Jose, Calif.</i> ³⁸ | 9,496.0 ⁴ | (47.0) | 1,725.0 | 132 | 3,650.0 | 17,785.0 | 250 | 6,576.0 | 204 |
| 301 | 364 | LENNAR <i>Miami, Fla.</i> ³² | 9,474.0 | 21.8 | 802.9 | 223 | 25.7 | 14,419.5 | 286 | 5,648.9 | 224 |
| 302 | 311 | GAMESTOP <i>Grapevine, Texas</i> ¹ | 9,363.8 | 0.7 | 402.8 | 324 | 2.5 | 4,334.9 | 453 | 2,081.0 | 369 |
| 303 | 283 | RELIANCE STEEL & ALUMINUM <i>Los Angeles, Calif.</i> | 9,350.5 | (10.5) | 311.5 | 349 | (16.2) | 7,121.6 | 392 | 3,914.1 | 291 |
| 304 | 310 | HORMEL FOODS <i>Austin, Minn.</i> ¹¹ | 9,263.9 | (0.6) | 686.1 | 251 | 13.8 | 6,139.8 | 415 | 3,998.2 | 282 |
| 305 | 369 | CELGENE <i>Summit, N.J.</i> | 9,256.0 | 20.7 | 1,602.0 | 138 | (19.9) | 27,053.4 | 191 | 5,919.0 | 217 |
| 306 | 304 | GENWORTH FINANCIAL <i>Richmond, Va.</i> | 9,249.0 ⁴ | (3.3) | (615.0) | 476 | — | 106,431.0 | 65 | 12,824.0 | 118 |
| 307 | • | PAYPAL HOLDINGS <i>San Jose, Calif.</i> ³⁹ | 9,248.0 | — | 1,228.0 | 170 | — | 28,881.0 | 185 | 13,759.0 | 107 |
| 308 | 339 | PRICELINE GROUP <i>Norwalk, Conn.</i> | 9,224.0 | 9.3 | 2,551.4 | 89 | 5.4 | 17,420.6 | 255 | 8,795.5 | 167 |



VAPOR TRAIL

VAPING IS ON THE RISE, AND REYNOLDS HAS BENEFITED FROM STRONG SALES OF ITS "VOUSE" BRAND. THE IMPACT OF NEW FEDERAL RULES BANNING E-CIGARETTE SALES TO CUSTOMERS UNDER AGE 18, HOWEVER, REMAINS TO BE SEEN.



SOURCE: CDC

| MARKET VALUE 3/31/16 | | PROFITS AS % OF ... | | | | | | EARNINGS PER SHARE | | | | TOTAL RETURN TO INVESTORS | | | | Industry table number | RANK 2015 |
|-------------------------|------|---------------------|------|--------|------|----------------------|------|--------------------|--------------------|------------------------------|------|---------------------------|------|-----------------------|------|-----------------------------|--------------|
| \$ millions | Rank | Revenues | | Assets | | Stockholders' equity | | 2015 \$ | % change from 2014 | 2005-2015 annual growth rate | | 2015 % | Rank | 2005-2015 annual rate | | | |
| | | % | Rank | % | Rank | % | Rank | | | % | Rank | % | Rank | % | Rank | | |
| 34,760.4 | 122 | 10.1 | 144 | 13.2 | 38 | 29.9 | 80 | 2.82 | (7.8) | 12.2 | 74 | 17.0 | 80 | 19.5 | 24 | 32 | 261 |
| 32,648.7 | 127 | 14.4 | 80 | 8.4 | 105 | 35.2 | 60 | 5.35 | (6.6) | 9.3 | 127 | (19.0) | 351 | 9.0 | 166 | 7 | 262 |
| 56,924.9 | 71 | 33.0 | 7 | 18.2 | 13 | 37.8 | 51 | 15.34 | 24.0 | 41.7 | 2 | (9.8) | 278 | 21.1 | 21 | 49 | 263 |
| 23,409.0 | 172 | 18.4 | 44 | 0.8 | 404 | 9.4 | 323 | 4.47 | (1.3) | 6.0 | 186 | (14.0) | 316 | 3.2 | 298 | 8 | 264 |
| 7,385.4 | 334 | 8.1 | 194 | 1.4 | 373 | 10.0 | 304 | 3.50 | 117.4 | 7.9 | 148 | (2.6) | 228 | 5.7 | 256 | 36 | 265 |
| 71,851.5 | 53 | 30.5 | 9 | 6.1 | 166 | 17.8 | 174 | 2.57 | 86.9 | 11.3 | 94 | 48.4 | 7 | 21.0 | 22 | 61 | 266 |
| 1,374.6 | 447 | 0.9 | 420 | 2.1 | 348 | 10.2 | 298 | 3.90 | 8.3 | 5.7 | 190 | (14.7) | 320 | 10.3 | 137 | 5 | 267 |
| 14,145.7 | 233 | 4.5 | 292 | 7.4 | 129 | 16.6 | 188 | 5.69 | 4.6 | 12.8 | 68 | 16.2 | 86 | 13.7 | 80 | 70 | 268 |
| 4,468.7 | 382 | 2.6 | 358 | 1.2 | 381 | 13.5 | 235 | 0.60 | - | - | - | (42.9) | 433 | - | - | 5 | 269 |
| 24,658.8 | 162 | 14.8 | 75 | 4.5 | 234 | 12.8 | 247 | 5.10 | (20.2) | 5.1 | 202 | (20.8) | 358 | 9.1 | 159 | 52 | 270 |
| 6,276.6 | 351 | 4.8 | 283 | 1.0 | 392 | 8.2 | 349 | 7.46 | (23.7) | - | - | (0.9) | 213 | - | - | 36 | 271 |
| 23,874.2 | 169 | 16.1 | 59 | 4.5 | 238 | 12.9 | 243 | 3.30 | 10.4 | 9.3 | 126 | (2.9) | 232 | 5.8 | 254 | 65 | 272 |
| 25,965.6 | 153 | 20.1 | 38 | 1.0 | 394 | 7.6 | 360 | 2.56 | (6.9) | (1.6) | 280 | (0.1) | 209 | 2.5 | 309 | 8 | 273 |
| 16,271.3 | 217 | 7.0 | 223 | 2.5 | 327 | 8.3 | 346 | 4.05 | (20.6) | 2.9 | 236 | (3.9) | 241 | 11.3 | 119 | 65 | 274 |
| 4,899.6 | 374 | 1.4 | 407 | 0.5 | 428 | 3.1 | 413 | 2.05 | (68.2) | (5.2) | 304 | 19.9 | 64 | 8.1 | 198 | 38 | 275 |
| 458.9 | 464 | 0.4 | 437 | 1.6 | 369 | 6.7 | 381 | 1.11 | (71.9) | - | - | (42.2) | 430 | 8.2 | 197 | 67 | 276 |
| 3,167.6 | 407 | 0.9 | 418 | 0.9 | 396 | 6.4 | 385 | 0.38 | (71.0) | - | - | (48.3) | 446 | (1.0) | 345 | 7 | 277 |
| 32,158.0 | 129 | 6.8 | 234 | 2.6 | 322 | 9.7 | 312 | 3.35 | (44.1) | 1.9 | 250 | 12.6 | 109 | 11.9 | 108 | 41 | 278 |
| 25,930.9 | 154 | 13.2 | 93 | 3.3 | 293 | 11.4 | 272 | 5.37 | 16.0 | 3.9 | 224 | (13.3) | 310 | 10.8 | 128 | 65 | 279 |
| 23,788.3 | 170 | 11.4 | 125 | 14.3 | 30 | - | - | 36.03 | 14.1 | 17.5 | 35 | 19.8 | 66 | 23.2 | 10 | 58 | 280 |
| 1,021.5 | 453 | (1.8) | 463 | (2.7) | 475 | - | - | (2.25) | - | - | - | (73.6) | 462 | (11.1) | 380 | 44 | 281 |
| - | - | 15.2 | 72 | 7.9 | 117 | 14.0 | 230 | 10.66 | (12.0) | - | - | (3.6) | 239 | 16.3 | 48 | 2 | 282 |
| 21,091.3 | 188 | 23.0 | 24 | 2.6 | 320 | 20.4 | 149 | 5.13 | 4.7 | - | - | (16.6) | 333 | - | - | 8 | 283 |
| 12,307.8 | 250 | 8.7 | 177 | 4.1 | 259 | 12.8 | 245 | - | - | - | - | (7.1) | 264 | - | - | 39 | 284 |
| 14,373.3 | 231 | 7.7 | 203 | 13.1 | 39 | 33.9 | 64 | 11.58 | 1.1 | 11.8 | 82 | (18.9) | 348 | 13.0 | 94 | 67 | 285 |
| 22,601.1 | 179 | 9.7 | 153 | 4.6 | 231 | 10.9 | 280 | 1.76 | (61.4) | 1.5 | 256 | (2.7) | 229 | 8.7 | 178 | 41 | 286 |
| 40,039.7 | 103 | 14.5 | 78 | 8.9 | 93 | 16.9 | 185 | 3.78 | 182.1 | 8.7 | 137 | (0.0) | 207 | 8.8 | 175 | 41 | 287 |
| 31,064.4 | 132 | 12.9 | 98 | 7.3 | 133 | 17.6 | 175 | 5.88 | 27.5 | 6.7 | 168 | (7.8) | 267 | 10.8 | 127 | 7 | 288 |
| 2,653.7 | 421 | 4.2 | 305 | 7.0 | 144 | 31.3 | 73 | 4.28 | (23.7) | - | - | (2.9) | 233 | - | - | 48 | 289 |
| 12,181.1 | 251 | 7.0 | 227 | 7.1 | 142 | 16.0 | 197 | 6.76 | 24.7 | 13.0 | 64 | 7.7 | 141 | 18.4 | 33 | 27 | 290 |
| 2,540.4 | 424 | 1.1 | 414 | 3.7 | 277 | 10.4 | 294 | 1.65 | 55.7 | 4.4 | 216 | 5.6 | 158 | 9.6 | 150 | 70 | 291 |
| 22,761.0 | 178 | (2.8) | 466 | (0.7) | 454 | - | - | (2.43) | - | - | - | 9.9 | 124 | - | - | 59 | 292 |
| 11,756.5 | 261 | 4.9 | 281 | 5.8 | 180 | 19.2 | 158 | 6.40 | (4.6) | 11.6 | 86 | (5.4) | 250 | 13.7 | 82 | 58 | 293 |
| 104,964.8 | 39 | 39.4 | 5 | 23.4 | 5 | 63.2 | 29 | 3.35 | 8.1 | - | - | 13.8 | 101 | - | - | 19 | 294 |
| 23,948.8 | 168 | 14.3 | 81 | 9.0 | 89 | 18.1 | 172 | 1.12 | 28.7 | 4.4 | 218 | (23.5) | 375 | 2.4 | 312 | 56 | 295 |
| 10,685.6 | 276 | 8.8 | 175 | 5.4 | 196 | 21.5 | 139 | 5.66 | 13.9 | 5.2 | 200 | (8.9) | 275 | 13.1 | 92 | 7 | 296 |
| 850.8 | 457 | 0.9 | 419 | 2.4 | 333 | 11.8 | 265 | 1.70 | (7.6) | (2.2) | 283 | (15.5) | 325 | 1.9 | 320 | 5 | 297 |
| 9,043.0 | 309 | 13.5 | 90 | 0.8 | 403 | 9.6 | 314 | (2.66) | (245.4) | - | - | (21.1) | 360 | - | - | 13 | 298 |
| 2,895.3 | 414 | 1.6 | 398 | 3.9 | 268 | 16.4 | 194 | 1.95 | (25.9) | - | - | (9.7) | 277 | - | - | 58 | 299 |
| 27,263.3 | 142 | 18.2 | 46 | 9.7 | 72 | 26.2 | 100 | 1.42 | 3,450.0 | 6.2 | 183 | 14.8 | 92 | 4.1 | 287 | 39 | 300 |
| 10,371.7 | 282 | 8.5 | 185 | 5.6 | 188 | 14.2 | 221 | 3.46 | 23.6 | (8.3) | 317 | 9.5 | 127 | (1.0) | 344 | 30 | 301 |
| 3,296.0 | 404 | 4.3 | 301 | 9.3 | 83 | 19.4 | 157 | 3.78 | 8.9 | 16.7 | 38 | (13.9) | 315 | 7.3 | 225 | 58 | 302 |
| 4,972.4 | 373 | 3.3 | 334 | 4.4 | 242 | 8.0 | 352 | 4.16 | (12.1) | 3.0 | 232 | (2.9) | 231 | 8.0 | 203 | 42 | 303 |
| 22,913.6 | 176 | 7.4 | 212 | 11.2 | 60 | 17.2 | 182 | 1.27 | 13.9 | 10.8 | 103 | 54.3 | 6 | 19.2 | 27 | 21 | 304 |
| 78,236.8 | 51 | 17.3 | 49 | 5.9 | 176 | 27.1 | 96 | 1.94 | (18.8) | 35.9 | 5 | 7.1 | 147 | 22.1 | 16 | 49 | 305 |
| 1,359.1 | 448 | (6.6) | 476 | (0.6) | 452 | (4.8) | 445 | (1.24) | - | - | - | (56.1) | 453 | (19.5) | 390 | 36 | 306 |
| 47,195.3 | 92 | 13.3 | 92 | 4.3 | 249 | 8.9 | 335 | 1.00 | - | - | - | - | - | - | - | 19 | 307 |
| 63,953.8 | 62 | 27.7 | 13 | 14.6 | 28 | 29.0 | 85 | 49.45 | 8.3 | 27.9 | 8 | 11.8 | 116 | 49.9 | 1 | 39 | 308 |



NO. 337 CAMPBELL SOUP →

The venerable maker of canned food saw slowing sales of its namesake products. It continued the effort to inject healthy food options into its mix with the acquisition of hummus maker Garden Fresh Gourmet last June. —J.C.

| 309-356 / 500 | | | REVENUES | | PROFITS | | | ASSETS | | STOCKHOLDERS' EQUITY | |
|---------------|-----|--|----------------------|--------------------|-------------|------|--------------------|-------------|------|----------------------|------|
| RANK | | | \$ millions | % change from 2014 | \$ millions | Rank | % change from 2014 | \$ millions | Rank | \$ millions | Rank |
| 309 | 289 | MGM RESORTS INTERNATIONAL <i>Las Vegas, Nev.</i> | 9,190.1 | (8.8) | (447.7) | 471 | — | 25,215.2 | 200 | 5,119.9 | 241 |
| 310 | 312 | AUTOLIV <i>Auburn Hills, Mich.</i> ⁴⁰ | 9,169.6 | (0.8) | 456.8 | 306 | (2.4) | 7,525.5 | 382 | 3,455.6 | 306 |
| 311 | 314 | FIDELITY NATIONAL FINANCIAL <i>Jacksonville, Fla.</i> | 9,132.0 | (0.7) | 527.0 | 286 | (9.6) | 13,931.0 | 291 | 5,754.0 | 222 |
| 312 | 323 | REPUBLIC SERVICES <i>Phoenix, Ariz.</i> | 9,115.0 | 3.7 | 749.9 | 236 | 36.9 | 20,577.2 | 232 | 7,774.1 | 178 |
| 313 | 297 | CORNING <i>Corning, N.Y.</i> | 9,111.0 | (6.2) | 1,339.0 | 161 | (45.8) | 28,547.0 | 187 | 18,788.0 | 79 |
| 314 | 286 | PETER KIEWIT SONS' <i>Omaha, Neb.</i> | 8,992.0 | (13.4) | 251.0 | 374 | (28.3) | 6,038.0 | 420 | 3,490.0 | 304 |
| 315 | * | UNIVAR <i>Downers Grove, Ill.</i> ⁴¹ | 8,981.8 | (13.4) | 16.5 | 443 | — | 5,612.4 | 437 | 816.7 | 440 |
| 316 | 320 | MOSAIC <i>Plymouth, Minn.</i> | 8,895.3 | (1.8) | 1,000.4 | 193 | (2.7) | 17,412.4 | 256 | 9,531.8 | 156 |
| 317 | 352 | CORE-MARK HOLDING <i>South San Francisco, Calif.</i> | 8,857.7 ^c | 8.4 | 51.5 | 434 | 20.6 | 1,077.3 | 498 | 494.0 | 461 |
| 318 | 333 | THRIVENT FINANCIAL FOR LUTHERANS <i>Minneapolis, Minn.</i> ¹⁹ | 8,789.3 | 3.1 | 769.0 | 229 | 2.1 | 83,532.0 | 79 | 7,126.5 | 190 |
| 319 | 275 | CAMERON INTERNATIONAL <i>Houston, Texas</i> ⁴² | 8,782.0 | (18.8) | 501.0 | 296 | (38.2) | 11,500.0 | 315 | 4,554.0 | 261 |
| 320 | 316 | HD SUPPLY HOLDINGS <i>Atlanta, Ga.</i> ¹ | 8,779.0 ^a | (4.2) | 1,472.0 | 148 | 48,966.7 | 6,016.0 | 422 | 744.0 | 443 |
| 321 | 318 | CROWN HOLDINGS <i>Philadelphia, Pa.</i> | 8,762.0 | (3.7) | 393.0 | 327 | 1.6 | 10,020.0 | 332 | 144.0 | 473 |
| 322 | 167 | EOG RESOURCES <i>Houston, Texas</i> | 8,757.4 | (51.4) | (4,524.5) | 491 | (255.2) | 26,975.2 | 192 | 12,943.0 | 117 |
| 323 | * | VERITIV <i>Atlanta, Ga.</i> ⁴³ | 8,717.7 | — | 26.7 | 440 | — | 2,476.9 | 485 | 530.1 | 459 |
| 324 | 162 | ANADARKO PETROLEUM <i>The Woodlands, Texas</i> | 8,698.0 | (52.9) | (6,692.0) | 495 | — | 46,414.0 | 127 | 12,819.0 | 119 |
| 325 | 440 | LABORATORY CORP. OF AMERICA <i>Burlington, N.C.</i> ⁴⁴ | 8,680.1 | 44.4 | 436.9 | 310 | (14.5) | 14,221.7 | 289 | 4,944.4 | 248 |
| 326 | 387 | PACIFIC LIFE <i>Newport Beach, Calif.</i> ¹⁷ | 8,642.0 | 22.2 | 661.0 | 257 | 22.4 | 137,279.0 | 50 | 10,024.0 | 150 |
| 327 | 331 | NEWS CORP. <i>New York, N.Y.</i> ¹² | 8,633.0 | 0.7 | (147.0) | 458 | (161.5) | 15,093.0 | 283 | 11,945.0 | 128 |
| 328 | 348 | JARDEN <i>Boca Raton, Fla.</i> ⁵⁴ | 8,603.9 | 3.8 | 146.5 | 407 | (39.6) | 14,293.1 | 287 | 4,052.3 | 278 |
| 329 | 327 | SUNTRUST BANKS <i>Atlanta, Ga.</i> | 8,533.0 | (2.0) | 1,933.0 | 125 | 9.0 | 190,817.0 | 38 | 23,329.0 | 60 |
| 330 | 336 | AVIS BUDGET GROUP <i>Parsippany, N.J.</i> | 8,502.0 | 0.2 | 313.0 | 348 | 27.8 | 17,634.0 | 251 | 439.0 | 464 |
| 331 | 340 | BROADCOM <i>Irvine, Calif.</i> ⁴⁵ | 8,394.0 | (0.4) | 978.0 | 196 | 50.0 | 13,693.0 | 293 | 10,032.0 | 149 |
| 332 | 358 | AMERICAN FAMILY INSURANCE GROUP <i>Madison, Wis.</i> ¹⁷ | 8,286.1 | 4.5 | 693.9 | 248 | 34.7 | 21,460.6 | 225 | 7,362.5 | 184 |
| 333 | 401 | LEVEL 3 COMMUNICATIONS <i>Broomfield, Colo.</i> | 8,229.0 | 21.4 | 3,433.0 | 73 | 993.3 | 24,145.0 | 206 | 10,126.0 | 148 |
| 334 | 341 | TENNECO <i>Lake Forest, Ill.</i> | 8,209.0 | (2.5) | 247.0 | 375 | 9.3 | 3,967.0 | 459 | 433.0 | 465 |
| 335 | 397 | UNITED NATURAL FOODS <i>Providence, R.I.</i> ¹⁴ | 8,185.0 | 20.5 | 138.7 | 416 | 10.6 | 2,550.2 | 482 | 1,385.5 | 408 |
| 336 | 306 | DEAN FOODS <i>Dallas, Texas</i> | 8,121.7 | (14.5) | (8.5) | 447 | — | 2,528.0 | 483 | 545.5 | 458 |
| 337 | 342 | CAMPBELL SOUP <i>Camden, N.J.</i> ¹⁴ | 8,082.0 | (3.8) | 691.0 | 249 | (15.5) | 8,089.0 | 372 | 1,380.0 | 409 |
| 338 | 362 | MOHAWK INDUSTRIES <i>Calhoun, Ga.</i> | 8,071.6 | 3.4 | 615.3 | 264 | 15.7 | 9,942.4 | 335 | 4,854.2 | 252 |
| 339 | 347 | BORGWARNER <i>Auburn Hills, Mich.</i> | 8,023.2 | (3.4) | 609.7 | 268 | (7.0) | 8,841.5 | 358 | 3,553.7 | 302 |
| 340 | 351 | PVH <i>New York, N.Y.</i> ¹ | 8,020.3 | (2.7) | 572.4 | 279 | 30.4 | 10,696.4 | 325 | 4,552.3 | 262 |
| 341 | 332 | BALL <i>Broomfield, Colo.</i> | 7,997.0 | (6.7) | 280.9 | 364 | (40.2) | 9,777.0 | 337 | 1,251.3 | 416 |
| 342 | 381 | O'REILLY AUTOMOTIVE <i>Springfield, Mo.</i> | 7,966.7 | 10.4 | 931.2 | 201 | 19.7 | 6,676.7 | 398 | 1,961.3 | 376 |
| 343 | 367 | EVERSOURCE ENERGY <i>Springfield, Mass.</i> | 7,954.8 | 2.8 | 878.5 | 206 | 7.2 | 30,580.3 | 177 | 10,352.2 | 145 |
| 344 | 335 | FRANKLIN RESOURCES <i>San Mateo, Calif.</i> ² | 7,948.7 | (6.4) | 2,035.3 | 115 | (14.6) | 16,335.7 | 264 | 11,841.0 | 130 |
| 345 | 334 | MASCO <i>Taylor, Mich.</i> | 7,904.0 ^a | (7.2) | 355.0 | 337 | (58.5) | 5,680.0 | 432 | (135.0) | 481 |
| 346 | 482 | LITHIA MOTORS <i>Medford, Ore.</i> | 7,864.3 | 45.6 | 183.0 | 391 | 31.9 | 3,227.3 | 474 | 828.2 | 439 |
| 347 | 356 | KKR <i>New York, N.Y.</i> ^p | 7,786.1 | (2.3) | 488.5 | 300 | 2.3 | 71,057.8 | 86 | 5,547.2 | 228 |
| 348 | 237 | ONEOK <i>Tulsa, Okla.</i> | 7,763.2 | (39.5) | 245.0 | 376 | (22.0) | 15,446.1 | 275 | 335.8 | 468 |
| 349 | 379 | NEWMONT MINING <i>Greenwood Village, Colo.</i> | 7,729.0 | 6.0 | 220.0 | 381 | (56.7) | 25,182.0 | 201 | 11,350.0 | 136 |
| 350 | 257 | PPL <i>Allentown, Pa.</i> ⁴⁶ | 7,669.0 | (34.0) | 682.0 | 253 | (60.7) | 39,301.0 | 145 | 9,919.0 | 153 |
| 351 | 359 | SPARTANNASH <i>Byron Center, Mich.</i> | 7,652.0 | (3.3) | 62.7 | 429 | 7.0 | 1,925.4 | 494 | 790.8 | 442 |
| 352 | 361 | QUANTA SERVICES <i>Houston, Texas</i> | 7,632.4 ^a | (2.8) | 310.9 | 350 | 4.8 | 5,213.5 | 440 | 3,085.5 | 317 |
| 353 | * | XPO LOGISTICS <i>Greenwich, Conn.</i> ⁴⁷ | 7,623.2 | 223.5 | (191.1) | 463 | — | 12,643.2 | 303 | 2,717.1 | 330 |
| 354 | 374 | RALPH LAUREN <i>New York, N.Y.</i> ⁴ | 7,620.0 | 2.3 | 702.0 | 245 | (9.5) | 6,106.0 | 416 | 3,891.0 | 292 |
| 355 | 372 | INTERPUBLIC GROUP <i>New York, N.Y.</i> | 7,613.8 | 1.0 | 454.6 | 307 | (4.7) | 12,585.1 | 304 | 1,965.5 | 375 |
| 356 | 326 | STEEL DYNAMICS <i>Fort Wayne, Ind.</i> | 7,594.4 | (13.3) | (130.3) | 455 | (183.0) | 6,202.1 | 413 | 2,679.7 | 335 |



NO (UNHEALTHY) SOUP FOR YOU
 REVENUE GROWTH AT THE COMPANY'S SIMPLE MEALS UNIT, WHICH INCLUDES SOUPS AND PREGO SAUCES, HAS STAGNATED. IN RESPONSE, CAMPBELL HAS PLEDGED TO REMOVE ALL ARTIFICIAL INGREDIENTS BY 2018.



SOURCE: CAMPBELL SOUP

| MARKET VALUE 3/31/16 | | PROFITS AS % OF ... | | | | | EARNINGS PER SHARE | | | | TOTAL RETURN TO INVESTORS | | | | Industry table number | RANK 2015 | |
|-------------------------|------|---------------------|------------------|-----------------------------------|------------|-----------------------------|---|--------------|-------------------------------------|-----------|---------------------------|-------------------------------------|-----------|--------------|-----------------------------|--------------|-----|
| \$ millions | Rank | Revenues % Rank | Assets % Rank | Stockholders' equity % Rank | 2015 \$ | % change from 2014 | 2005-2015 annual growth rate % | 2015 Rank | 2005-2015 annual rate Rank | 2015 % | 2015 Rank | 2005-2015 annual rate Rank | 2015 % | 2015 Rank | | | |
| 12,110.6 | 253 | (4.9) | 474 | (1.8) | 468 | (8.7) | 453 | (0.82) | - | - | 6.3 | 154 | (4.7) | 368 | 31 | 309 | |
| 10,448.2 | 281 | 5.0 | 275 | 6.1 | 168 | 13.2 | 241 | 5.17 | 2.2 | 4.7 | 209 | 19.8 | 65 | 13.4 | 87 | 44 | 310 |
| 9,341.3 | 305 | 5.8 | 256 | 3.8 | 273 | 9.2 | 329 | - | - | - | - | 2.9 | 179 | - | - | 38 | 311 |
| 16,433.0 | 214 | 8.2 | 192 | 3.6 | 281 | 9.6 | 313 | 2.13 | 39.2 | 6.2 | 181 | 12.4 | 111 | 8.6 | 182 | 66 | 312 |
| 22,973.6 | 175 | 14.7 | 76 | 4.7 | 228 | 7.1 | 370 | 1.00 | (42.2) | 10.2 | 112 | (18.3) | 345 | 0.8 | 328 | 45 | 313 |
| - | - | 2.8 | 350 | 4.2 | 254 | 7.2 | 369 | - | - | - | - | - | - | - | - | 17 | 314 |
| 2,370.2 | 428 | 0.2 | 441 | 0.3 | 439 | 2.0 | 422 | 0.14 | - | - | - | - | - | - | - | 71 | 315 |
| 9,517.9 | 299 | 11.2 | 126 | 5.7 | 182 | 10.5 | 290 | 2.78 | 3.7 | 19.7 | 26 | (37.8) | 422 | 7.8 | 210 | 7 | 316 |
| 1,887.5 | 438 | 0.6 | 430 | 4.8 | 223 | 10.4 | 293 | 2.21 | 20.8 | 12.4 | 71 | 33.4 | 24 | 18.4 | 31 | 69 | 317 |
| - | - | 8.7 | 176 | 0.9 | 398 | 10.8 | 287 | - | - | - | - | - | - | - | - | 35 | 318 |
| 12,846.7 | 246 | 5.7 | 261 | 4.4 | 245 | 11.0 | 277 | 2.60 | (34.3) | 13.1 | 62 | 26.5 | 42 | 11.8 | 110 | 46 | 319 |
| 6,633.0 | 344 | 16.8 | 52 | 24.5 | 3 | 197.8 | 8 | 7.31 | 36,450.0 | - | - | 1.8 | 188 | - | - | 67 | 320 |
| 6,923.3 | 338 | 4.5 | 294 | 3.9 | 266 | 272.9 | 4 | 2.82 | 1.1 | - | - | (0.4) | 212 | 10.0 | 144 | 47 | 321 |
| 39,910.5 | 104 | (51.7) | 493 | (16.8) | 490 | (35.0) | 466 | (8.29) | (255.8) | - | - | (22.5) | 368 | 7.4 | 221 | 43 | 322 |
| 596.2 | 462 | 0.3 | 440 | 1.1 | 387 | 5.0 | 399 | 1.67 | - | - | - | (30.2) | 397 | - | - | 67 | 323 |
| 24,029.4 | 167 | (76.9) | 495 | (14.4) | 489 | (52.2) | 468 | (13.18) | - | - | - | (40.2) | 428 | 1.0 | 326 | 43 | 324 |
| 11,912.1 | 258 | 5.0 | 274 | 3.1 | 302 | 8.8 | 337 | 4.34 | (26.6) | 4.8 | 206 | 14.6 | 94 | 8.7 | 179 | 28 | 325 |
| - | - | 7.6 | 205 | 0.5 | 427 | 6.6 | 383 | - | - | - | - | - | - | - | - | 36 | 326 |
| 7,412.0 | 333 | (1.7) | 461 | (1.0) | 459 | (1.2) | 434 | (0.26) | (163.4) | - | - | (14.3) | 317 | - | - | 51 | 327 |
| 12,898.6 | 245 | 1.7 | 392 | 1.0 | 390 | 3.6 | 411 | 0.72 | (43.8) | 22.1 | 20 | 19.3 | 67 | 15.9 | 51 | 29 | 328 |
| 18,220.3 | 207 | 22.7 | 26 | 1.0 | 391 | 8.3 | 347 | 3.58 | 10.8 | (4.2) | 298 | 4.5 | 166 | (3.1) | 359 | 8 | 329 |
| 2,606.9 | 422 | 3.7 | 323 | 1.8 | 360 | 71.3 | 24 | 2.98 | 34.2 | (13.4) | 328 | (45.3) | 438 | 3.0 | 303 | 5 | 330 |
| - | - | 11.7 | 121 | 7.1 | 137 | 9.7 | 310 | 1.58 | 46.3 | 8.0 | 145 | 34.9 | 19 | 7.0 | 228 | 56 | 331 |
| - | - | 8.4 | 188 | 3.2 | 298 | 9.4 | 319 | - | - | - | - | - | - | - | - | 38 | 332 |
| 18,859.0 | 202 | 41.7 | 4 | 14.2 | 31 | 33.9 | 65 | 9.58 | 691.7 | - | - | 10.1 | 122 | 2.4 | 313 | 59 | 333 |
| 2,962.6 | 412 | 3.0 | 343 | 6.2 | 162 | 57.0 | 32 | 4.11 | 12.3 | 12.3 | 73 | (18.9) | 349 | 8.9 | 170 | 44 | 334 |
| 2,028.4 | 436 | 1.7 | 393 | 5.4 | 194 | 10.0 | 303 | 2.76 | 9.5 | 10.7 | 105 | (49.1) | 447 | 4.1 | 286 | 69 | 335 |
| 1,588.0 | 444 | (0.1) | 448 | (0.3) | 447 | (1.6) | 435 | (0.09) | - | - | - | (10.0) | 281 | (3.3) | 360 | 21 | 336 |
| 19,720.5 | 194 | 8.5 | 180 | 8.5 | 103 | 50.1 | 37 | 2.21 | (14.7) | 2.6 | 243 | 22.6 | 59 | 8.9 | 167 | 21 | 337 |
| 14,118.3 | 234 | 7.6 | 206 | 6.2 | 163 | 12.7 | 250 | 8.31 | 14.6 | 4.6 | 213 | 21.9 | 61 | 8.1 | 199 | 29 | 338 |
| 8,379.3 | 318 | 7.6 | 208 | 6.9 | 148 | 17.2 | 183 | 2.70 | (5.6) | 10.0 | 114 | (20.5) | 357 | 11.7 | 112 | 44 | 339 |
| 8,051.2 | 323 | 7.1 | 222 | 5.4 | 199 | 12.6 | 253 | 6.89 | 30.7 | 14.1 | 55 | (42.4) | 431 | 8.8 | 173 | 4 | 340 |
| 10,058.1 | 288 | 3.5 | 327 | 2.9 | 309 | 22.4 | 126 | 1.99 | (39.7) | 5.3 | 197 | 7.5 | 142 | 14.9 | 62 | 47 | 341 |
| 26,553.2 | 146 | 11.7 | 120 | 13.9 | 35 | 47.5 | 39 | 9.17 | 24.9 | 20.3 | 25 | 31.6 | 29 | 23.0 | 11 | 58 | 342 |
| 18,504.9 | 204 | 11.0 | 130 | 2.9 | 310 | 8.5 | 342 | 2.76 | 7.0 | - | - | (1.3) | 219 | 13.7 | 81 | 65 | 343 |
| 23,142.8 | 174 | 25.6 | 17 | 12.5 | 44 | 17.2 | 180 | 3.29 | (13.2) | 9.3 | 128 | (32.0) | 404 | 3.3 | 296 | 55 | 344 |
| 10,469.2 | 279 | 4.5 | 293 | 6.3 | 161 | - | - | 1.02 | (57.1) | (7.4) | 312 | 29.1 | 34 | 3.6 | 293 | 29 | 345 |
| 2,246.0 | 432 | 2.3 | 369 | 5.7 | 183 | 22.1 | 131 | 6.91 | 31.4 | 10.5 | 107 | 23.9 | 53 | 15.1 | 59 | 5 | 346 |
| 6,599.5 | 345 | 6.3 | 242 | 0.7 | 414 | 8.8 | 339 | 1.01 | (12.9) | - | - | (27.7) | 385 | - | - | 55 | 347 |
| 6,270.3 | 352 | 3.2 | 338 | 1.6 | 370 | 73.0 | 23 | 1.16 | (22.1) | (7.5) | 314 | (47.2) | 444 | 12.0 | 105 | 50 | 348 |
| 14,065.1 | 236 | 2.8 | 347 | 0.9 | 400 | 1.9 | 423 | 0.43 | (57.8) | (5.0) | 303 | (4.3) | 245 | (9.0) | 376 | 43 | 349 |
| 25,726.8 | 155 | 8.9 | 173 | 1.7 | 362 | 6.9 | 376 | 1.01 | (61.3) | (5.5) | 305 | 6.1 | 156 | 6.7 | 237 | 65 | 350 |
| 1,130.1 | 450 | 0.8 | 423 | 3.3 | 297 | 7.9 | 353 | 1.66 | 7.1 | 6.2 | 182 | (15.6) | 326 | 9.2 | 158 | 69 | 351 |
| 3,604.7 | 396 | 4.1 | 309 | 6.0 | 172 | 10.1 | 302 | 1.59 | 17.8 | 20.3 | 23 | (28.7) | 392 | 4.4 | 278 | 17 | 352 |
| 3,366.0 | 403 | (2.5) | 465 | (1.5) | 466 | (7.0) | 452 | (2.65) | - | - | - | (33.3) | 411 | 25.9 | 5 | 62 | 353 |
| 8,087.3 | 322 | 9.2 | 164 | 11.5 | 58 | 18.0 | 173 | 7.88 | (6.5) | 15.7 | 47 | (38.9) | 425 | 7.8 | 209 | 4 | 354 |
| 9,228.9 | 306 | 6.0 | 249 | 3.6 | 282 | 23.1 | 122 | 1.09 | (2.7) | - | - | 14.7 | 93 | 10.4 | 135 | 1 | 355 |
| 5,479.6 | 365 | (1.7) | 462 | (2.1) | 473 | (4.9) | 446 | (0.54) | (180.6) | - | - | (6.9) | 260 | 9.8 | 147 | 42 | 356 |



NO. 386 SALESFORCE.COM →

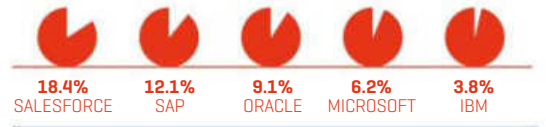
Revenue from subscriptions to its cloud-based customer service products grew by 38% in 2015. With \$4 billion in uncollected billings, Salesforce could reach \$10 billion in annual sales faster than any software firm in history. —J.C.

| RANK | | REVENUES | | PROFITS | | | ASSETS | | STOCKHOLDERS' EQUITY | | | |
|------------|------|--|------------------------------------|------------------------|--------|--------------------|-------------|---------|----------------------|------|-----------|-----|
| 2015 | 2014 | \$ millions | % change from 2014 | \$ millions | Rank | % change from 2014 | \$ millions | Rank | \$ millions | Rank | | |
| 357 | 360 | WESCO INTERNATIONAL | Pittsburgh, Pa. | 7,518.5 | (4.7) | 210.7 | 384 | [23.6] | 4,587.4 | 447 | 1,776.7 | 390 |
| 358 | 375 | QUEST DIAGNOSTICS | Madison, N.J. | 7,493.0 | 0.8 | 709.0 | 243 | 27.5 | 9,962.0 | 334 | 4,684.0 | 258 |
| 359 | 378 | BOSTON SCIENTIFIC | Marlborough, Mass. | 7,477.0 | 1.3 | [239.0] | 465 | — | 18,133.0 | 248 | 6,320.0 | 208 |
| 360 | 296 | AGCO | Duluth, Ga. | 7,467.3 | [23.2] | 266.4 | 369 | [35.1] | 6,501.3 | 405 | 2,838.3 | 326 |
| 361 | 384 | FOOT LOCKER | New York, N.Y. ¹ | 7,412.0 | 3.6 | 541.0 | 284 | 4.0 | 3,775.0 | 464 | 2,553.0 | 342 |
| 362 | 376 | HERSHEY | Hershey, Pa. | 7,386.6 | [0.5] | 513.0 | 289 | [39.4] | 5,344.4 | 438 | 998.0 | 426 |
| 363 | 313 | CENTERPOINT ENERGY | Houston, Texas | 7,386.0 | [19.9] | [692.0] | 478 | [213.3] | 21,334.0 | 226 | 3,461.0 | 305 |
| 364 | 370 | WILLIAMS | Tulsa, Okla. | 7,360.0 | [3.6] | [571.0] | 475 | [127.0] | 49,020.0 | 119 | 6,148.0 | 211 |
| 365 | 393 | DICK'S SPORTING GOODS | Coraopolis, Pa. ¹ | 7,271.0 | 6.7 | 330.4 | 345 | [4.0] | 3,559.3 | 467 | 1,789.2 | 389 |
| 366 | 392 | LIVE NATION ENTERTAINMENT | Beverly Hills, Calif. | 7,245.7 | 5.5 | [32.5] | 448 | — | 6,156.2 | 414 | 1,237.0 | 418 |
| 367 | 391 | MUTUAL OF OMAHA INSURANCE | Omaha, Neb. ¹⁷ | 7,235.7 | 5.2 | 333.0 | 344 | 14.2 | 35,629.4 | 155 | 5,127.3 | 240 |
| 368 | 385 | W.R. BERKLEY | Greenwich, Conn. | 7,206.5 | 1.1 | 503.7 | 293 | [22.4] | 21,731.0 | 223 | 4,600.2 | 259 |
| 369 | 403 | LKQ | Chicago, Ill. | 7,192.6 | 6.7 | 423.2 | 314 | 10.9 | 5,647.8 | 434 | 3,114.7 | 314 |
| 370 | 322 | AVON PRODUCTS | New York, N.Y. | 7,173.0 ^a | [19.0] | [1,148.9] | 482 | — | 3,879.5 | 461 | [1,070.3] | 490 |
| 371 | 325 | DARDEN RESTAURANTS | Orlando, Fla. ¹⁶ | 7,164.4 ^a | [18.2] | 709.5 | 242 | 147.9 | 5,994.7 | 424 | 2,333.5 | 355 |
| 372 | 491 | KINDRED HEALTHCARE | Louisville, Ky. | 7,098.1 ^a | 33.3 | [93.4] | 452 | — | 6,518.9 | 403 | 1,499.9 | 400 |
| 373 | 355 | WEYERHAEUSER | Federal Way, Wash. ^R | 7,082.0 | [11.2] | 506.0 | 292 | [72.3] | 12,486.0 | 306 | 4,869.0 | 250 |
| 374 | 382 | CASEY'S GENERAL STORES | Ankeny, Iowa ⁴⁸ | 7,052.2 ^e | [2.0] | 180.6 | 393 | 42.4 | 2,470.0 | 486 | 875.2 | 436 |
| 375 | 366 | SEALED AIR | Charlotte, N.C. | 7,031.5 | [9.3] | 335.4 | 343 | 29.9 | 7,426.0 | 386 | 527.1 | 460 |
| 376 | 416 | FIFTH THIRD BANCORP | Cincinnati, Ohio | 7,031.0 | 8.1 | 1,712.0 | 133 | 15.6 | 141,082.0 | 48 | 15,839.0 | 97 |
| 377 | 346 | DOVER | Downers Grove, Ill. | 7,029.2 ^a | [15.5] | 869.8 | 210 | 12.2 | 8,619.8 | 360 | 3,644.6 | 299 |
| 378 | 390 | HUNTINGTON INGALLS INDUSTRIES | Newport News, Va. | 7,020.0 | 0.9 | 404.0 | 322 | 19.5 | 6,024.0 | 421 | 1,490.0 | 401 |
| 379 | 474 | NETFLIX | Los Gatos, Calif. | 6,779.5 | 23.2 | 122.6 | 418 | [54.0] | 10,202.9 | 328 | 2,223.4 | 360 |
| 380 | 400 | DILLARD'S | Little Rock, Ark. ¹ | 6,754.5 | [0.4] | 269.4 | 368 | [18.8] | 3,865.6 | 462 | 1,795.3 | 387 |
| 381 | 421 | EMCOR GROUP | Norwalk, Conn. | 6,722.5 ^a | 4.3 | 172.3 | 397 | 2.1 | 3,546.5 | 468 | 1,476.7 | 402 |
| 382 | 426 | JONES FINANCIAL | Des Peres, Mo. ^{R,49} | 6,694.0 | 5.7 | 838.0 | 218 | 8.8 | 16,356.0 | 263 | 2,610.0 | 340 |
| 383 | 415 | AK STEEL HOLDING | West Chester, Ohio | 6,692.9 | 2.9 | [509.0] | 472 | — | 4,084.4 | 458 | [977.6] | 489 |
| 384 | 349 | UGI | King of Prussia, Pa. ² | 6,691.1 | [19.2] | 281.0 | 363 | [16.7] | 10,546.6 | 326 | 2,692.0 | 333 |
| 385 | 458 | EXPEDIA | Bellevue, Wash. | 6,672.3 | 15.8 | 764.5 | 230 | 92.0 | 15,503.8 | 274 | 4,864.4 | 251 |
| 386 | 483 | SALESFORCE.COM | San Francisco, Calif. ¹ | 6,667.2 | 24.1 | [47.4] | 450 | — | 12,770.8 | 302 | 5,002.9 | 244 |
| 387 | 329 | TARGA RESOURCES | Houston, Texas | 6,658.6 | [22.7] | 58.3 | 430 | [43.0] | 13,253.7 | 296 | 1,461.4 | 404 |
| 388 | 218 | APACHE | Houston, Texas | 6,654.0 ^a | [52.3] | [23,119.0] | 500 | — | 18,842.0 | 241 | 2,566.0 | 341 |
| 389 | 396 | SPIRIT AEROSYSTEMS HOLDINGS | Wichita, Kans. | 6,643.9 | [2.3] | 788.7 | 225 | 119.8 | 5,777.5 | 430 | 2,119.5 | 368 |
| 390 | 413 | EXPEDITORS INTERNATIONAL OF WASHINGTON | Seattle, Wash. | 6,616.6 | 0.8 | 457.2 | 304 | 21.3 | 2,582.4 | 480 | 1,692.0 | 394 |
| 391 | 420 | ANIXTER INTERNATIONAL | Glenview, Ill. | 6,596.4 ^a | 2.3 | 127.6 | 417 | [34.5] | 4,142.0 | 456 | 1,179.4 | 420 |
| 392 | 422 | FIDELITY NATIONAL INFORMATION SERVICES | Jacksonville, Fla. ⁵⁰ | 6,595.2 | 2.8 | 631.5 | 262 | [7.0] | 26,268.8 | 197 | 9,321.0 | 158 |
| 393 | 450 | ASBURY AUTOMOTIVE GROUP | Duluth, Ga. | 6,588.3 | 12.3 | 169.2 | 399 | 51.6 | 2,305.9 | 488 | 314.5 | 469 |
| 394 | 141 | HESS | New York, N.Y. | 6,575.0 ^{a,e} | [68.7] | [3,056.0] | 489 | [231.9] | 34,195.0 | 160 | 19,386.0 | 77 |
| 395 | 407 | RYDER SYSTEM | Miami, Fla. | 6,571.9 | [1.0] | 304.8 | 355 | 39.4 | 10,967.8 | 322 | 1,987.1 | 373 |
| 396 | 377 | TEREX | Westport, Conn. | 6,543.1 | [11.6] | 145.9 | 409 | [54.3] | 5,637.1 | 435 | 1,877.4 | 380 |
| 397 | 368 | COCA-COLA ENTERPRISES | Atlanta, Ga. | 6,540.0 ^e | [14.8] | 596.0 | 272 | [10.1] | 7,611.0 | 380 | 957.0 | 429 |
| 398 | 425 | AUTO-OWNERS INSURANCE | Lansing, Mich. | 6,517.1 | 2.8 | 815.3 | 221 | 44.7 | 20,108.2 | 236 | 8,777.4 | 168 |
| 399 | 419 | CABLEVISION SYSTEMS | Bethpage, N.Y. | 6,509.7 | 0.8 | 175.4 | 395 | [43.7] | 6,867.3 | 394 | [4,911.3] | 495 |
| 400 | 405 | SYMANTEC | Mountain View, Calif. ⁴ | 6,508.0 | [2.5] | 878.0 | 207 | [2.2] | 13,233.0 | 297 | 5,935.0 | 216 |
| 401 | 435 | CHARLES SCHWAB | San Francisco, Calif. | 6,501.0 | 5.6 | 1,447.0 | 151 | 9.5 | 183,718.0 | 40 | 13,402.0 | 111 |
| 402 | 353 | CALPINE | Houston, Texas | 6,472.0 | [19.4] | 235.0 | 378 | [75.2] | 18,833.0 | 242 | 3,109.0 | 315 |
| 403 | 383 | CMS ENERGY | Jackson, Mich. | 6,456.0 | [10.1] | 523.0 | 287 | 9.6 | 20,340.0 | 235 | 3,938.0 | 288 |
| 404 | 494 | ALLIANCE DATA SYSTEMS | Plano, Texas | 6,439.7 | 21.4 | 596.5 | 271 | 17.8 | 22,421.8 | 217 | 2,010.0 | 371 |



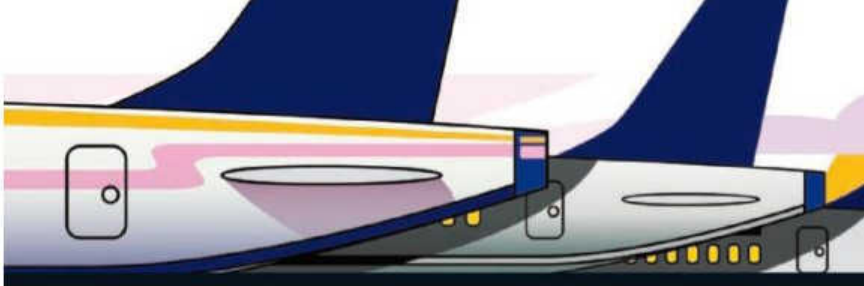
THE 'FORCE AWAKENS
 LED BY CO-FOUNDER AND CEO MARC BENIOFF,
SALESFORCE HAS BECOME THE BIGGEST PLAYER IN
THE CUSTOMER RELATIONSHIP SOFTWARE MARKET
WITHIN 17 YEARS OF FOUNDING, BEATING OUT THE
LIKES OF ORACLE AND MICROSOFT.

CUSTOMER RELATIONSHIP MANAGEMENT SOFTWARE MARKET SHARE



SOURCE: GARTNER

| MARKET VALUE 3/31/16 | | PROFITS AS % OF ... | | | | | EARNINGS PER SHARE | | | | TOTAL RETURN TO INVESTORS | | | | Industry table number | RANK 2015 | |
|-------------------------|------|---------------------|------------------|-----------------------------------|-----|------------|-----------------------------|--|---------|-----------|---------------------------|---------------------------------------|-----|--------|-----------------------------|--------------|-----|
| \$ millions | Rank | Revenues % Rank | Assets % Rank | Stockholders' equity % Rank | | 2015 \$ | % change from 2014 | 2005-2015 annual growth rate % Rank | | 2015 % | Rank | 2005-2015 annual rate % Rank | | | | | |
| 2,307.0 | 430 | 2.8 | 349 | 4.6 | 233 | 11.9 | 264 | 4.18 | [19.3] | 7.1 | 160 | (42.7) | 432 | 0.2 | 333 | 67 | 357 |
| 10,200.1 | 286 | 9.5 | 156 | 7.1 | 138 | 15.1 | 207 | 4.87 | 27.8 | 6.2 | 180 | 8.3 | 137 | 4.5 | 276 | 28 | 358 |
| 25,472.8 | 157 | [3.2] | 469 | [1.3] | 463 | [3.8] | 441 | [0.18] | - | - | - | 39.2 | 17 | [2.8] | 358 | 41 | 359 |
| 4,097.8 | 387 | 3.6 | 326 | 4.1 | 260 | 9.4 | 322 | 3.06 | [29.8] | 24.2 | 16 | 1.4 | 195 | 10.9 | 125 | 12 | 360 |
| 8,778.1 | 313 | 7.3 | 218 | 14.3 | 29 | 21.2 | 141 | 3.84 | 7.9 | 8.6 | 139 | 17.7 | 77 | 14.0 | 77 | 57 | 361 |
| 19,796.5 | 193 | 6.9 | 228 | 9.6 | 77 | 51.4 | 36 | 2.32 | [38.5] | 1.5 | 254 | [12.0] | 294 | 7.6 | 216 | 21 | 362 |
| 9,008.5 | 310 | [9.4] | 481 | [3.2] | 477 | [20.0] | 460 | [1.61] | [213.4] | - | - | [17.3] | 338 | 8.6 | 183 | 65 | 363 |
| 12,053.6 | 256 | [7.8] | 479 | [1.2] | 461 | [9.3] | 454 | [0.76] | [126.0] | - | - | [39.0] | 426 | 6.3 | 245 | 16 | 364 |
| 5,372.7 | 368 | 4.5 | 290 | 9.3 | 85 | 18.5 | 167 | 2.83 | [0.4] | 15.4 | 49 | [28.0] | 387 | 8.9 | 169 | 58 | 365 |
| 4,516.9 | 380 | [0.4] | 449 | [0.5] | 451 | [2.6] | 437 | [0.33] | - | - | - | [5.9] | 255 | 6.5 | 239 | 18 | 366 |
| - | - | 4.6 | 287 | 0.9 | 397 | 6.5 | 384 | - | - | - | - | - | - | - | - | 36 | 367 |
| 6,889.4 | 339 | 7.0 | 225 | 2.3 | 340 | 10.9 | 279 | 3.87 | [20.4] | 3.6 | 227 | 7.8 | 140 | 7.0 | 229 | 38 | 368 |
| 9,777.1 | 295 | 5.9 | 252 | 7.5 | 127 | 13.6 | 233 | 1.38 | 10.4 | 24.2 | 15 | 5.4 | 159 | 21.2 | 18 | 67 | 369 |
| 2,094.6 | 434 | [16.0] | 488 | [29.6] | 497 | - | - | [2.60] | - | - | - | [54.9] | 451 | [15.3] | 384 | 32 | 370 |
| 8,502.1 | 317 | 9.9 | 150 | 11.8 | 53 | 30.4 | 75 | 5.47 | 154.4 | 11.9 | 80 | 26.2 | 44 | 9.5 | 152 | 23 | 371 |
| 1,035.0 | 452 | [1.3] | 457 | [1.4] | 464 | [6.2] | 450 | [1.11] | - | - | - | [32.8] | 407 | [4.4] | 366 | 27 | 372 |
| 24,455.2 | 165 | 7.1 | 221 | 4.1 | 263 | 10.4 | 295 | 0.89 | [72.0] | [11.4] | 322 | [13.2] | 308 | 4.7 | 269 | 24 | 373 |
| 4,425.2 | 383 | 2.6 | 361 | 7.3 | 134 | 20.6 | 144 | 4.62 | 41.7 | 20.3 | 24 | 34.5 | 20 | 18.4 | 32 | 58 | 374 |
| 9,409.6 | 303 | 4.8 | 284 | 4.5 | 236 | 63.6 | 28 | 1.62 | 35.0 | 1.9 | 251 | 6.3 | 153 | 6.8 | 233 | 47 | 375 |
| 13,081.7 | 241 | 24.3 | 21 | 1.2 | 378 | 10.8 | 285 | 2.01 | 21.1 | [3.2] | 292 | 1.3 | 196 | [3.5] | 362 | 8 | 376 |
| 9,978.8 | 291 | 12.4 | 110 | 10.1 | 70 | 23.9 | 118 | 5.46 | 19.0 | 8.1 | 144 | [12.4] | 298 | 8.4 | 186 | 33 | 377 |
| 6,471.0 | 348 | 5.8 | 257 | 6.7 | 153 | 27.1 | 95 | 8.36 | 21.9 | - | - | 14.3 | 95 | - | - | 2 | 378 |
| 43,762.7 | 96 | 1.8 | 389 | 1.2 | 380 | 5.5 | 393 | 0.28 | [54.6] | 11.8 | 83 | 134.4 | 1 | 40.3 | 2 | 58 | 379 |
| 3,050.0 | 409 | 4.0 | 311 | 7.0 | 145 | 15.0 | 210 | 6.91 | [11.3] | 16.6 | 41 | [47.4] | 445 | 11.6 | 113 | 25 | 380 |
| 2,948.1 | 413 | 2.6 | 360 | 4.9 | 217 | 11.7 | 267 | 2.72 | 7.9 | 11.2 | 95 | 8.8 | 134 | 11.4 | 117 | 17 | 381 |
| - | - | 12.5 | 103 | 5.1 | 208 | 32.1 | 71 | - | - | - | - | - | - | - | - | 55 | 382 |
| 736.6 | 459 | [7.6] | 478 | [12.5] | 488 | - | - | [2.86] | - | - | - | [62.3] | 457 | [11.3] | 381 | 42 | 383 |
| 6,926.4 | 337 | 4.2 | 303 | 2.7 | 318 | 10.4 | 292 | 1.60 | [16.7] | 3.1 | 230 | [8.8] | 273 | 12.7 | 98 | 16 | 384 |
| 16,235.6 | 218 | 11.5 | 123 | 4.9 | 214 | 15.7 | 201 | 5.70 | 90.6 | 15.9 | 46 | 46.7 | 10 | 19.1 | 28 | 39 | 385 |
| 49,532.5 | 85 | [0.7] | 451 | [0.4] | 448 | [0.9] | 433 | [0.07] | - | - | - | 32.2 | 27 | 25.6 | 6 | 10 | 386 |
| 4,794.6 | 376 | 0.9 | 421 | 0.4 | 431 | 4.0 | 408 | 1.09 | [55.1] | - | - | [73.2] | 461 | - | - | 50 | 387 |
| 18,475.2 | 205 | [347.4] | 500 | [122.7] | 500 | [901.0] | 477 | [61.20] | - | - | - | [27.7] | 386 | [3.4] | 361 | 43 | 388 |
| 6,026.1 | 357 | 11.9 | 118 | 13.7 | 37 | 37.2 | 53 | 5.66 | 123.7 | - | - | 16.3 | 84 | - | - | 2 | 389 |
| 8,910.8 | 311 | 6.9 | 232 | 17.7 | 15 | 27.0 | 97 | 2.40 | 25.0 | 9.4 | 125 | 2.6 | 181 | 4.1 | 285 | 62 | 390 |
| 1,718.1 | 441 | 1.9 | 384 | 3.1 | 301 | 10.8 | 284 | 3.81 | [34.8] | 5.5 | 192 | [31.7] | 403 | 6.4 | 241 | 67 | 391 |
| 20,564.1 | 189 | 9.6 | 154 | 2.4 | 334 | 6.8 | 378 | 2.19 | [6.8] | - | - | [1.0] | 214 | - | - | 19 | 392 |
| 1,494.2 | 446 | 2.6 | 359 | 7.3 | 132 | 53.8 | 34 | 6.41 | 72.8 | 13.2 | 59 | [11.2] | 288 | 16.4 | 46 | 5 | 393 |
| 16,676.1 | 213 | [46.5] | 492 | [8.9] | 486 | [15.8] | 458 | [10.78] | [243.2] | - | - | [33.2] | 410 | 2.3 | 315 | 48 | 394 |
| 3,477.9 | 398 | 4.6 | 285 | 2.8 | 313 | 15.3 | 204 | 5.71 | 38.9 | 5.0 | 205 | [37.5] | 420 | 5.5 | 260 | 64 | 395 |
| 2,702.0 | 419 | 2.2 | 374 | 2.6 | 323 | 7.8 | 358 | 1.33 | [52.3] | [3.2] | 293 | [33.0] | 409 | [4.5] | 367 | 12 | 396 |
| 11,546.7 | 266 | 9.1 | 168 | 7.8 | 118 | 62.3 | 30 | 2.54 | [3.4] | - | - | 14.1 | 98 | - | - | 6 | 397 |
| - | - | 12.5 | 104 | 4.1 | 262 | 9.3 | 324 | - | - | - | - | - | - | - | - | 37 | 398 |
| 9,129.8 | 308 | 2.7 | 355 | 2.6 | 326 | - | - | 0.63 | [45.2] | 6.7 | 168 | 57.7 | 5 | 15.9 | 52 | 59 | 399 |
| 11,987.8 | 257 | 13.5 | 91 | 6.6 | 156 | 14.8 | 213 | 1.26 | [1.6] | 5.5 | 195 | [15.9] | 328 | 2.6 | 308 | 10 | 400 |
| 37,025.5 | 113 | 22.3 | 28 | 0.8 | 406 | 10.8 | 286 | 1.03 | 8.4 | 6.5 | 173 | 9.9 | 123 | 10.3 | 140 | 55 | 401 |
| 5,446.7 | 366 | 3.6 | 324 | 1.2 | 377 | 7.6 | 363 | 0.64 | [72.3] | - | - | [34.6] | 413 | - | - | 16 | 402 |
| 11,797.1 | 260 | 8.1 | 193 | 2.6 | 325 | 13.3 | 238 | 1.89 | 8.6 | - | - | 7.4 | 143 | 13.0 | 95 | 65 | 403 |
| 13,048.7 | 242 | 9.3 | 163 | 2.7 | 319 | 29.7 | 81 | 8.85 | 12.5 | 18.4 | 31 | [3.3] | 237 | 22.8 | 13 | 19 | 404 |



NO. 405 JETBLUE AIRWAYS →

Combine rising passenger traffic with a 35.6% drop in average fuel costs, and JetBlue ended up with record profits of \$677 million last year. The airline also received a 10% boost in revenues received from excess-baggage fees and reservation changes.

| 405-452 / 500 | | | REVENUES | | PROFITS | | | ASSETS | | STOCKHOLDERS' EQUITY | |
|---------------|-----|---|----------------------|--------------------|-------------|------|--------------------|-------------|------|----------------------|------|
| RANK | | | \$ millions | % change from 2014 | \$ millions | Rank | % change from 2014 | \$ millions | Rank | \$ millions | Rank |
| 405 | 454 | JETBLUE AIRWAYS Long Island City, N.Y. | 6,416.0 | 10.3 | 677.0 | 255 | 68.8 | 8,660.0 | 359 | 3,210.0 | 310 |
| 406 | 430 | DISCOVERY COMMUNICATIONS Silver Spring, Md. | 6,394.0 | 2.1 | 1,034.0 | 187 | (9.2) | 15,864.0 | 270 | 5,451.0 | 231 |
| 407 | 433 | TRINITY INDUSTRIES Dallas, Texas | 6,392.7 | 3.6 | 796.5 | 224 | 17.4 | 8,885.9 | 355 | 3,653.9 | 298 |
| 408 | 432 | SANMINA San Jose, Calif. ² | 6,374.5 | 2.6 | 377.3 | 332 | 91.3 | 3,493.3 | 469 | 1,520.5 | 399 |
| 409 | 412 | NCR Duluth, Ga. | 6,373.0 | (3.3) | (178.0) | 461 | (193.2) | 7,635.0 | 378 | 720.0 | 448 |
| 410 | 357 | FMC TECHNOLOGIES Houston, Texas | 6,362.7 | (19.9) | 393.1 | 326 | (43.8) | 6,437.9 | 407 | 2,511.8 | 344 |
| 411 | 436 | ERIE INSURANCE GROUP Erie, Pa. ⁵¹ | 6,351.0 | 3.7 | 175.0 | 396 | 4.2 | 18,272.0 | 246 | 8,244.0 | 173 |
| 412 | 409 | ROCKWELL AUTOMATION Milwaukee, Wis. ² | 6,307.9 | (4.8) | 827.6 | 220 | 0.1 | 6,404.7 | 408 | 2,256.8 | 359 |
| 413 | 437 | DR PEPPER SNAPPLE GROUP Plano, Texas | 6,282.0 | 2.6 | 764.0 | 231 | 8.7 | 8,869.0 | 356 | 2,183.0 | 361 |
| 414 | 429 | IHEARTMEDIA San Antonio, Texas | 6,241.5 | (1.2) | (754.6) | 479 | — | 13,821.1 | 292 | (10,784.3) | 498 |
| 415 | 460 | TRACTOR SUPPLY Brentwood, Tenn. | 6,226.5 | 9.0 | 410.4 | 319 | 10.7 | 2,370.8 | 487 | 1,393.3 | 407 |
| 416 | 434 | J.B. HUNT TRANSPORT SERVICES Lowell, Ark. | 6,187.6 | 0.4 | 427.2 | 313 | 14.0 | 3,636.6 | 465 | 1,300.4 | 412 |
| 417 | 388 | COMMERCIAL METALS Irving, Texas ⁷ | 6,161.7 ^a | (12.7) | 141.6 | 414 | 22.6 | 3,372.3 | 471 | 1,319.2 | 410 |
| 418 | 399 | DWENS-ILLINOIS Perrysburg, Ohio | 6,156.0 | (9.3) | (74.0) | 451 | (198.7) | 9,421.0 | 346 | 466.0 | 463 |
| 419 | 486 | HARMAN INTERNATIONAL INDUSTRIES Stamford, Conn. ¹² | 6,155.3 | 15.1 | 342.7 | 342 | 46.0 | 5,929.8 | 426 | 2,374.6 | 353 |
| 420 | • | BAXALTA Bannockburn, Ill. ⁵² | 6,149.0 ^a | — | 956.0 | 199 | — | 12,329.0 | 308 | 3,924.0 | 289 |
| 421 | 459 | AMERICAN FINANCIAL GROUP Cincinnati, Ohio | 6,145.0 | 7.6 | 352.0 | 339 | (22.1) | 49,859.0 | 114 | 4,592.0 | 260 |
| 422 | 428 | NETAPP Sunnyvale, Calif. ⁴⁸ | 6,122.7 | (3.2) | 559.9 | 281 | (12.2) | 9,401.2 | 348 | 3,414.1 | 307 |
| 423 | 445 | GRAYBAR ELECTRIC St. Louis, Mo. | 6,110.3 | 2.2 | 91.1 | 424 | 4.2 | 2,049.5 | 491 | 684.8 | 451 |
| 424 | 394 | OSHKOSH Oshkosh, Wis. ² | 6,098.1 | (10.4) | 229.5 | 380 | (25.8) | 4,613.0 | 446 | 1,911.1 | 378 |
| 425 | 438 | AMEREN St. Louis, Mo. | 6,098.0 | 0.7 | 630.0 | 263 | 7.5 | 23,640.0 | 212 | 6,946.0 | 196 |
| 426 | 444 | A-MARK PRECIOUS METALS Santa Monica, Calif. ¹² | 6,070.2 | 1.5 | 7.1 | 445 | (14.6) | 325.9 | 500 | 56.0 | 477 |
| 427 | 423 | BARNES & NOBLE New York, N.Y. ⁴⁸ | 6,069.5 | (4.9) | 36.6 | 436 | — | 3,229.5 | 473 | 1,189.4 | 419 |
| 428 | 410 | DANA HOLDING Maumee, Ohio | 6,060.0 | (8.4) | 159.0 | 401 | (50.2) | 4,326.0 | 454 | 728.0 | 445 |
| 429 | • | CONSTELLATION BRANDS Victor, N.Y. ²² | 6,028.0 ^e | 23.8 | 839.3 | 217 | (56.8) | 15,144.5 | 281 | 5,770.7 | 221 |
| 430 | 495 | LIFEPOINT HEALTH Brentwood, Tenn. | 6,014.4 | 13.5 | 181.9 | 392 | 44.3 | 5,996.8 | 423 | 2,263.9 | 358 |
| 431 | • | ZIMMER BIOMET HOLDINGS Warsaw, Ind. | 5,997.8 | 28.3 | 147.0 | 406 | (79.6) | 27,219.5 | 189 | 9,887.9 | 154 |
| 432 | 431 | HARLEY-DAVIDSON Milwaukee, Wis. | 5,995.4 | (3.7) | 752.2 | 234 | (10.9) | 9,991.2 | 333 | 1,839.7 | 383 |
| 433 | 453 | PULTEGROUP Atlanta, Ga. | 5,982.0 | 2.7 | 494.1 | 298 | 4.2 | 8,967.2 | 354 | 4,759.3 | 255 |
| 434 | 455 | NEWELL BRANDS Atlanta, Ga. ⁵⁵ | 5,972.2 ^a | 2.8 | 350.0 | 340 | (7.4) | 7,278.0 | 391 | 1,822.9 | 385 |
| 435 | 427 | AVERY DENNISON Glendale, Calif. | 5,966.9 | (5.7) | 274.3 | 365 | 11.9 | 4,133.7 | 457 | 965.7 | 428 |
| 436 | 478 | JONES LANG LASALLE Chicago, Ill. | 5,965.7 | 9.9 | 438.7 | 309 | 13.6 | 6,205.2 | 412 | 2,688.8 | 334 |
| 437 | • | WEC ENERGY GROUP Milwaukee, Wis. ⁵³ | 5,926.1 | 18.6 | 640.3 | 259 | 8.8 | 29,355.2 | 183 | 8,654.8 | 171 |
| 438 | 227 | MARATHON OIL Houston, Texas | 5,861.0 | (55.9) | (2,204.0) | 488 | (172.4) | 32,311.0 | 171 | 18,553.0 | 80 |
| 439 | 365 | TRAVELCENTERS OF AMERICA Westlake, Ohio ¹ | 5,850.6 ^e | (24.8) | 27.7 | 438 | (54.5) | 1,635.1 | 497 | 549.3 | 457 |
| 440 | 461 | UNITED RENTALS Stamford, Conn. | 5,817.0 | 2.3 | 585.0 | 274 | 8.3 | 12,083.0 | 312 | 1,476.0 | 403 |
| 441 | 447 | HRG GROUP New York, N.Y. ² | 5,815.9 | (2.5) | (556.8) | 474 | — | 32,334.1 | 170 | 586.7 | 456 |
| 442 | 472 | OLD REPUBLIC INTERNATIONAL Chicago, Ill. | 5,766.1 | 4.3 | 422.1 | 315 | 3.0 | 17,110.5 | 258 | 3,880.8 | 294 |
| 443 | 452 | WINDSTREAM HOLDINGS Little Rock, Ark. | 5,765.3 | (1.1) | 27.4 | 439 | — | 12,518.1 | 305 | 306.4 | 470 |
| 444 | 442 | STARWOOD HOTELS & RESORTS Stamford, Conn. | 5,763.0 | (3.7) | 489.0 | 299 | (22.7) | 8,268.0 | 365 | 1,296.0 | 414 |
| 445 | 345 | DELEK US HOLDINGS Brentwood, Tenn. | 5,762.0 ^e | (30.8) | 19.4 | 441 | (90.2) | 3,324.9 | 472 | 1,153.3 | 421 |
| 446 | 451 | PACKAGING CORP. OF AMERICA Lake Forest, Ill. | 5,741.7 | (1.9) | 436.8 | 311 | 11.3 | 5,284.6 | 439 | 1,633.3 | 396 |
| 447 | 476 | QUINTILES TRANSNATIONAL HOLDINGS Durham, N.C. | 5,737.6 | 5.1 | 387.2 | 329 | 8.6 | 3,926.3 | 460 | (564.2) | 486 |
| 448 | 490 | HANES BRANDS Winston-Salem, N.C. | 5,731.5 | 7.6 | 428.9 | 312 | 6.0 | 5,619.0 | 436 | 1,275.9 | 415 |
| 449 | 488 | REALOGY HOLDINGS Madison, N.J. | 5,706.0 | 7.1 | 184.0 | 390 | 28.7 | 7,531.0 | 381 | 2,418.0 | 350 |
| 450 | 439 | MATTEL El Segundo, Calif. | 5,702.6 | (5.3) | 369.4 | 333 | (26.0) | 6,552.7 | 400 | 2,633.3 | 338 |
| 451 | 363 | MOTOROLA SOLUTIONS Schaumburg, Ill. | 5,695.0 | (26.8) | 610.0 | 267 | (53.0) | 8,387.0 | 364 | (106.0) | 480 |
| 452 | 467 | J.M. SMUCKER Orrville, Ohio ⁴⁸ | 5,692.7 | 1.5 | 344.9 | 341 | (39.0) | 16,882.6 | 260 | 7,086.9 | 192 |



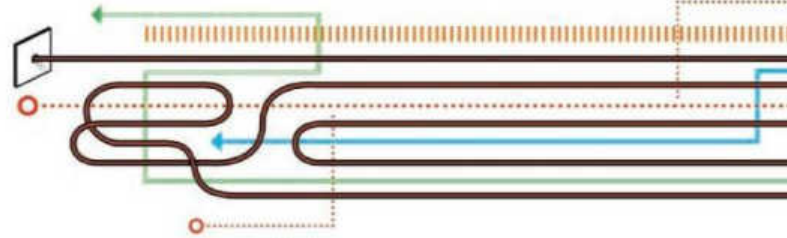
FREQUENT FLIERS

AIRPORTS ACROSS THE U.S. DREW HUGE CROWDS IN 2015 AS CARRIERS OPERATING ROUTES IN THE STATES FLEW A RECORD NUMBER OF PASSENGERS. THAT LED TO A SIXTH STRAIGHT YEAR OF CUMULATIVE PROFITABILITY FOR THE VOLATILE INDUSTRY.



SOURCE: BUREAU OF TRANSPORTATION STATISTICS

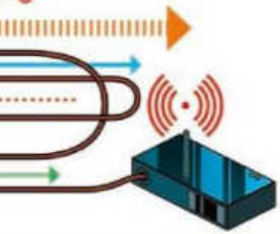
| MARKET VALUE 3/31/16 | | PROFITS AS % OF ... | | | | | | EARNINGS PER SHARE | | | | TOTAL RETURN TO INVESTORS | | | | Industry table number | RANK 2015 |
|-------------------------|------|---------------------|------|--------|------|----------------------|------|--------------------|--------------------|------------------------------|------|---------------------------|------|-----------------------|------|-----------------------------|--------------|
| \$ millions | Rank | Revenues | | Assets | | Stockholders' equity | | 2015 \$ | % change from 2014 | 2005-2015 annual growth rate | | 2015 | | 2005-2015 annual rate | | | |
| | | % | Rank | % | Rank | % | Rank | | | % | Rank | % | Rank | % | Rank | | |
| 6,801.6 | 341 | 10.6 | 137 | 7.8 | 120 | 21.1 | 142 | 1.98 | 66.4 | - | - | 42.8 | 15 | 3.9 | 291 | 3 | 405 |
| 11,732.6 | 262 | 16.2 | 56 | 6.5 | 158 | 19.0 | 160 | 1.58 | (4.8) | 38.7 | 4 | (22.6) | 369 | 14.5 | 70 | 18 | 406 |
| 2,798.8 | 417 | 12.5 | 107 | 9.0 | 90 | 21.8 | 133 | 5.08 | 21.2 | 24.6 | 14 | (12.9) | 305 | 6.3 | 244 | 63 | 407 |
| 1,804.6 | 440 | 5.9 | 251 | 10.8 | 63 | 24.8 | 111 | 4.41 | 94.3 | - | - | (12.5) | 300 | (2.1) | 353 | 56 | 408 |
| 3,983.7 | 390 | (2.8) | 467 | (2.3) | 474 | (24.7) | 463 | (1.09) | (197.3) | - | - | (16.1) | 331 | 4.6 | 275 | 11 | 409 |
| 6,208.2 | 354 | 6.2 | 243 | 6.1 | 167 | 15.7 | 202 | 1.70 | (42.4) | 16.3 | 43 | (38.1) | 423 | 11.0 | 123 | 46 | 410 |
| - | - | 2.8 | 351 | 1.0 | 395 | 2.1 | 421 | - | - | - | - | - | - | - | - | 38 | 411 |
| 14,949.4 | 228 | 13.1 | 94 | 12.9 | 41 | 36.7 | 55 | 6.09 | 3.0 | 7.8 | 150 | (5.5) | 252 | 8.1 | 200 | 15 | 412 |
| 16,752.8 | 212 | 12.2 | 113 | 8.6 | 102 | 35.0 | 62 | 3.97 | 11.5 | - | - | 33.3 | 25 | - | - | 6 | 413 |
| 99.4 | 468 | (12.1) | 483 | (5.5) | 482 | - | - | (8.95) | - | - | - | (87.8) | 464 | - | - | 18 | 414 |
| 12,060.2 | 255 | 6.6 | 238 | 17.3 | 16 | 29.5 | 84 | 3.00 | 12.8 | 19.1 | 28 | 9.4 | 128 | 21.1 | 19 | 58 | 415 |
| 9,500.1 | 300 | 6.9 | 233 | 11.7 | 54 | 32.9 | 70 | 3.66 | 15.8 | 11.1 | 97 | (12.0) | 295 | 13.8 | 79 | 64 | 416 |
| 1,943.8 | 437 | 2.3 | 370 | 4.2 | 252 | 10.7 | 289 | 1.20 | 23.7 | (6.4) | 310 | (13.3) | 309 | (0.5) | 342 | 42 | 417 |
| 2,569.3 | 423 | (1.2) | 456 | (0.8) | 457 | (15.9) | 459 | (0.47) | (204.4) | - | - | (35.5) | 415 | (1.9) | 351 | 47 | 418 |
| 6,334.5 | 350 | 5.6 | 263 | 5.8 | 181 | 14.4 | 217 | 4.84 | 44.0 | 3.9 | 225 | (10.6) | 284 | 0.2 | 334 | 15 | 419 |
| 27,522.1 | 140 | 15.5 | 68 | 7.8 | 122 | 24.4 | 115 | 1.40 | - | - | - | - | - | - | - | 49 | 420 |
| 6,093.5 | 356 | 5.7 | 259 | 0.7 | 413 | 7.7 | 359 | 3.94 | (20.7) | 8.5 | 140 | 22.2 | 60 | 13.5 | 83 | 38 | 421 |
| 7,889.1 | 325 | 9.1 | 167 | 6.0 | 174 | 16.4 | 193 | 1.75 | (4.4) | 11.5 | 89 | (34.7) | 414 | 0.3 | 332 | 9 | 422 |
| - | - | 1.5 | 402 | 4.4 | 240 | 13.3 | 237 | 5.57 | 6.1 | 17.8 | 33 | - | - | - | - | 67 | 423 |
| 2,988.1 | 410 | 3.8 | 318 | 5.0 | 210 | 12.0 | 262 | 2.90 | (19.7) | 2.9 | 235 | (18.5) | 346 | (0.4) | 341 | 44 | 424 |
| 12,156.0 | 252 | 10.3 | 139 | 2.7 | 317 | 9.1 | 331 | 2.59 | 7.9 | (1.5) | 279 | (2.5) | 226 | 3.4 | 294 | 65 | 425 |
| 138.8 | 467 | 0.1 | 443 | 2.2 | 346 | 12.6 | 251 | 1.00 | (8.3) | - | - | 92.3 | 3 | - | - | 71 | 426 |
| 923.2 | 455 | 0.6 | 429 | 1.1 | 383 | 3.1 | 414 | 0.21 | - | (19.9) | 331 | (43.2) | 434 | (9.4) | 377 | 58 | 427 |
| 2,097.2 | 433 | 2.6 | 357 | 3.7 | 279 | 21.8 | 132 | 0.99 | (46.2) | - | - | (35.7) | 416 | - | - | 44 | 428 |
| 30,103.4 | 136 | 13.9 | 84 | 5.5 | 190 | 14.5 | 215 | - | - | - | - | 46.2 | 12 | 18.5 | 30 | 6 | 429 |
| 2,987.0 | 411 | 3.0 | 342 | 3.0 | 305 | 8.0 | 351 | 3.95 | 46.8 | 10.7 | 104 | 2.1 | 186 | 6.9 | 231 | 27 | 430 |
| 21,201.7 | 187 | 2.5 | 364 | 0.5 | 423 | 1.5 | 425 | 0.77 | (81.7) | (12.5) | 325 | (8.8) | 274 | 4.6 | 272 | 41 | 431 |
| 9,416.6 | 302 | 12.5 | 102 | 7.5 | 126 | 40.9 | 48 | 3.69 | (4.9) | 0.8 | 263 | (29.5) | 395 | 0.7 | 329 | 63 | 432 |
| 6,480.8 | 347 | 8.3 | 190 | 5.5 | 191 | 10.4 | 296 | 1.36 | 7.9 | (13.3) | 326 | (15.6) | 327 | (7.1) | 373 | 30 | 433 |
| 11,872.8 | 259 | 5.9 | 253 | 4.8 | 221 | 19.2 | 159 | 1.29 | (4.4) | 3.6 | 228 | 17.9 | 76 | 9.1 | 160 | 29 | 434 |
| 6,448.9 | 349 | 4.6 | 288 | 6.6 | 154 | 28.4 | 90 | 2.95 | 15.2 | 2.7 | 238 | 23.8 | 54 | 4.4 | 280 | 47 | 435 |
| 5,289.4 | 372 | 7.4 | 215 | 7.1 | 141 | 16.3 | 195 | 9.65 | 13.3 | 12.0 | 77 | 7.0 | 148 | 13.0 | 97 | 53 | 436 |
| 18,961.2 | 201 | 10.8 | 134 | 2.2 | 344 | 7.4 | 367 | 2.34 | (9.7) | 6.0 | 185 | 0.8 | 200 | 13.5 | 86 | 65 | 437 |
| 9,398.9 | 304 | (37.6) | 490 | (6.8) | 483 | (11.9) | 456 | (3.26) | (173.1) | - | - | (54.0) | 450 | (1.5) | 348 | 43 | 438 |
| 262.7 | 466 | 0.5 | 436 | 1.7 | 364 | 5.0 | 398 | 0.72 | (55.6) | - | - | (25.5) | 379 | - | - | 58 | 439 |
| 5,598.6 | 363 | 10.1 | 145 | 4.8 | 218 | 39.6 | 50 | 6.07 | 17.9 | 12.9 | 65 | (28.9) | 394 | 12.0 | 107 | 71 | 440 |
| 2,794.3 | 418 | (9.6) | 482 | (1.7) | 467 | (94.9) | 470 | (2.81) | - | - | - | (4.2) | 244 | 8.9 | 168 | 32 | 441 |
| 4,790.3 | 377 | 7.3 | 217 | 2.5 | 331 | 10.9 | 282 | 1.48 | 2.8 | (4.6) | 301 | 33.2 | 26 | 4.0 | 290 | 38 | 442 |
| 702.9 | 461 | 0.5 | 435 | 0.2 | 442 | 8.9 | 334 | 0.24 | - | - | - | (46.3) | 441 | - | - | 59 | 443 |
| 14,079.6 | 235 | 8.5 | 184 | 5.9 | 177 | 37.7 | 52 | 2.88 | (15.3) | 4.4 | 219 | (12.8) | 304 | 5.2 | 265 | 31 | 444 |
| 947.0 | 454 | 0.3 | 439 | 0.6 | 421 | 1.7 | 424 | 0.32 | (90.4) | - | - | (7.7) | 266 | - | - | 48 | 445 |
| 5,692.8 | 362 | 7.6 | 207 | 8.3 | 107 | 26.7 | 99 | 4.47 | 12.0 | 24.7 | 12 | (16.7) | 335 | 14.6 | 66 | 47 | 446 |
| 7,779.5 | 328 | 6.7 | 235 | 9.9 | 71 | - | - | 3.08 | 13.2 | - | - | 16.6 | 82 | - | - | 28 | 447 |
| 10,996.7 | 272 | 7.5 | 210 | 7.6 | 123 | 33.6 | 66 | 1.06 | 6.8 | - | - | 6.8 | 150 | - | - | 4 | 448 |
| 5,308.3 | 371 | 3.2 | 337 | 2.4 | 332 | 7.6 | 361 | 1.24 | 27.8 | - | - | (17.6) | 340 | - | - | 53 | 449 |
| 11,431.0 | 268 | 6.5 | 240 | 5.6 | 184 | 14.0 | 228 | 1.08 | (25.5) | 0.7 | 264 | (6.8) | 259 | 9.8 | 148 | 71 | 450 |
| 13,223.7 | 239 | 10.7 | 135 | 7.3 | 136 | - | - | 3.02 | (42.9) | (13.4) | 327 | 4.4 | 167 | (1.5) | 347 | 45 | 451 |
| 15,539.8 | 222 | 6.1 | 247 | 2.0 | 351 | 4.9 | 401 | 3.33 | (38.6) | 4.0 | 223 | 24.9 | 50 | 14.8 | 64 | 21 | 452 |



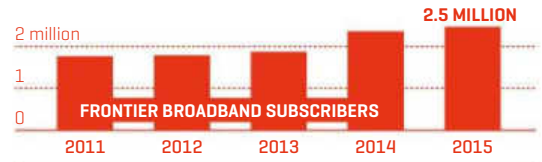
NO. 461 **FRONTIER COMMUNICATIONS** →

Frontier, which last made the 500 in 2012, provides voice and wireless service to 3.4 million customers in 29 states. The Connecticut company added 384,800 broadband subscribers after acquiring AT&T's wire-line operations in its home state. —J.C.

| RANK | | REVENUES | | PROFITS | | | ASSETS | | STOCKHOLDERS' EQUITY | | |
|---------------|------|--|--------------------|-------------|-----------|--------------------|-------------|--------------|----------------------|-------------|-----|
| 2015 | 2014 | \$ millions | % change from 2014 | \$ millions | Rank | % change from 2014 | \$ millions | Rank | \$ millions | Rank | |
| 453 | 395 | CELANESE Irving, Texas | 5,674.0 | [16.6] | 304.0 | 356 | [51.3] | 8,586.0 | 361 | 2,378.0 | 352 |
| 453 | 479 | REGIONS FINANCIAL Birmingham, Ala. | 5,674.0 | 4.5 | 1,062.0 | 184 | [8.1] | 126,050.0 | 55 | 16,844.0 | 91 |
| 455 | 469 | CLOROX Oakland, Calif. ¹² | 5,666.0* | 1.3 | 580.0 | 277 | 3.9 | 4,164.0 | 455 | 118.0 | 474 |
| 456 | 462 | INGREDION Westchester, Ill. | 5,620.5 | [0.8] | 402.2 | 325 | 13.3 | 5,074.0 | 442 | 2,144.0 | 364 |
| 457 | * | GENESIS HEALTHCARE Kennett Square, Pa. | 5,619.3* | 17.6 | [426.2] | 470 | — | 6,091.5 | 418 | [436.3] | 485 |
| 458 | 398 | PEABODY ENERGY St. Louis, Mo. | 5,609.2 | [17.4] | [1,996.0] | 487 | — | 11,021.3 | 320 | 916.9 | 432 |
| 459 | 484 | ALASKA AIR GROUP Seattle, Wash. | 5,598.0 | 4.3 | 848.0 | 214 | 40.2 | 6,533.0 | 402 | 2,411.0 | 351 |
| 460 | 417 | SEABOARD Merriam, Kans. | 5,594.0 | [13.6] | 171.0 | 398 | [53.2] | 4,431.0 | 451 | 2,876.0 | 325 |
| 461 | * | FRONTIER COMMUNICATIONS Norwalk, Conn. | 5,576.0 | 16.8 | [196.0] | 464 | [247.5] | 27,084.0 | 190 | 5,614.0 | 226 |
| 462 | 487 | AMPHENOL Wallingford, Conn. | 5,568.7 | 4.2 | 763.5 | 232 | 7.7 | 7,458.4 | 385 | 3,238.5 | 309 |
| 463 | 411 | LANSING TRADE GROUP Overland Park, Kans. ¹ | 5,565.3 | [15.9] | 35.1 | 437 | [37.0] | 1,008.4 | 499 | 111.6 | 475 |
| 464 | 408 | SANDISK Milpitas, Calif. ⁵⁸ | 5,564.9 | [16.0] | 388.5 | 328 | [61.4] | 9,230.8 | 352 | 5,738.9 | 223 |
| 465 | 466 | ST. JUDE MEDICAL St. Paul, Minn. | 5,541.0 | [1.4] | 880.0 | 205 | [12.2] | 13,064.0 | 300 | 4,042.0 | 279 |
| 466 | 497 | WYNDHAM WORLDWIDE Parsippany, N.J. | 5,536.0 | 4.8 | 612.0 | 266 | 15.7 | 9,716.0 | 338 | 950.0 | 430 |
| 467 | 471 | KELLY SERVICES Troy, Mich. | 5,518.2 | [0.8] | 53.8 | 433 | 127.0 | 1,939.6 | 493 | 895.4 | 435 |
| 468 | 468 | WESTERN UNION Englewood, Colo. | 5,483.7 | [2.2] | 837.8 | 219 | [1.7] | 9,458.9 | 343 | 1,404.9 | 406 |
| 469 | * | ENVISION HEALTHCARE HOLDINGS Greenwood Village, Colo. | 5,447.9 | 23.9 | 144.9 | 410 | 15.4 | 6,388.2 | 410 | 1,966.5 | 374 |
| 470 | 344 | VISTEON Van Buren Township, Mich. | 5,444.0* | [34.7] | 2,284.0 | 100 | — | 4,682.0 | 445 | 1,057.0 | 424 |
| 471 | * | ARTHUR J. GALLAGHER Itasca, Ill. | 5,392.4 | 16.6 | 356.8 | 336 | 17.6 | 10,913.8 | 323 | 3,638.3 | 301 |
| 472 | 371 | ASHLAND Covington, Ky. ² | 5,387.0 | [29.3] | 309.0 | 351 | 32.6 | 10,064.0 | 331 | 3,037.0 | 318 |
| 472 | 485 | HOST HOTELS & RESORTS Bethesda, Md. ^R | 5,387.0 | 0.6 | 558.0 | 282 | [23.8] | 11,784.0 | 314 | 7,064.0 | 193 |
| 474 | 493 | INSIGHT ENTERPRISES Tempe, Ariz. | 5,373.1 | 1.1 | 75.9 | 428 | 0.2 | 2,014.0 | 492 | 685.7 | 450 |
| 475 | 446 | ENERGY FUTURE HOLDINGS Dallas, Texas | 5,370.0 | [10.2] | [5,342.0] | 492 | — | 23,330.0 | 214 | [25,061.0] | 500 |
| 476 | * | MARKEL Glen Allen, Va. | 5,370.0 | 4.6 | 582.8 | 275 | 81.4 | 24,941.3 | 202 | 7,834.2 | 176 |
| 477 | 489 | ESSENDANT Deerfield, Ill. | 5,363.0 | 0.7 | [44.3] | 449 | [137.2] | 2,262.9 | 489 | 723.7 | 446 |
| 478 | 480 | CH2M HILL Englewood, Colo. | 5,361.5 | [1.0] | 80.4 | 426 | — | 2,861.3 | 477 | 412.2 | 466 |
| 479 | 481 | WESTERN & SOUTHERN FINANCIAL GROUP Cincinnati, Ohio | 5,356.4 | [0.9] | 457.1 | 305 | [42.1] | 41,951.8 | 135 | 4,809.8 | 253 |
| 480 | 498 | OWENS CORNING Toledo, Ohio | 5,350.0 | 1.7 | 330.0 | 346 | 46.0 | 7,380.0 | 388 | 3,739.0 | 297 |
| 481 | 500 | S&P GLOBAL New York, N.Y. ⁵⁶ | 5,313.0 | 2.4 | 1,156.0 | 179 | — | 8,183.0 | 368 | 194.0 | 471 |
| 482 | * | RAYMOND JAMES FINANCIAL St. Petersburg, Fla. ² | 5,308.2 | 6.9 | 502.1 | 295 | 4.6 | 26,479.7 | 196 | 4,522.0 | 265 |
| 483 | 418 | NISOURCE Merrillville, Ind. | 5,307.5* | [18.0] | 286.5 | 359 | [45.9] | 17,492.5 | 253 | 3,843.5 | 295 |
| 484 | * | AIRGAS Rodnor, Pa. ⁴ | 5,304.9 | 4.6 | 368.1 | 334 | 4.9 | 5,973.6 | 425 | 2,151.6 | 363 |
| 485 | * | ABM INDUSTRIES New York, N.Y. ¹¹ | 5,290.5* | 5.1 | 76.3 | 427 | 0.9 | 2,149.8 | 490 | 1,007.5 | 425 |
| 486 | * | CITIZENS FINANCIAL GROUP Providence, R.I. | 5,276.0 | [1.2] | 840.0 | 216 | [2.9] | 138,208.0 | 49 | 19,646.0 | 75 |
| 487 | 475 | BOOZ ALLEN HAMILTON HOLDING McLean, Va. ⁴ | 5,274.8 | [3.7] | 232.6 | 379 | 0.2 | 2,877.5 | 476 | 186.5 | 472 |
| 488 | * | SIMON PROPERTY GROUP Indianapolis, Ind. ^R | 5,266.1 | 8.1 | 1,827.7 | 131 | 29.8 | 30,650.7 | 175 | 4,471.5 | 266 |
| 489 | 470 | DOMTAR Fort Mill, S.C. | 5,264.0 | [5.4] | 142.0 | 413 | [67.1] | 5,663.0 | 433 | 2,652.0 | 337 |
| 490 | * | ROCKWELL COLLINS Cedar Rapids, Iowa ² | 5,262.0* | 3.7 | 686.0 | 252 | 13.6 | 7,389.0 | 387 | 1,875.0 | 381 |
| 491 | * | LAM RESEARCH Fremont, Calif. ¹² | 5,259.3 | 14.2 | 655.6 | 258 | 3.7 | 9,364.6 | 349 | 5,103.1 | 243 |
| 492 | * | FISERV Brookfield, Wis. | 5,254.0 | 3.7 | 712.0 | 241 | [5.6] | 9,340.0 | 350 | 2,660.0 | 336 |
| 493 | 449 | SPECTRA ENERGY Houston, Texas | 5,234.0 | [11.3] | 196.0 | 386 | [81.9] | 32,923.0 | 165 | 6,865.0 | 199 |
| 494 | 463 | NAVIENT Wilmington, Del. | 5,197.0 | [7.8] | 997.0 | 194 | [13.2] | 134,112.0 | 52 | 3,975.0 | 284 |
| 495 | * | BIG LOTS Columbus, Ohio ¹ | 5,190.6 | 0.3 | 142.9 | 412 | 25.0 | 1,640.4 | 496 | 720.5 | 447 |
| 496 | * | TELEPHONE & DATA SYSTEMS Chicago, Ill. | 5,176.2 | 3.3 | 219.0 | 382 | — | 9,422.5 | 345 | 4,126.4 | 277 |
| 497 | * | FIRST AMERICAN FINANCIAL Santa Ana, Calif. | 5,175.5 | 10.6 | 288.1 | 358 | 23.4 | 8,254.4 | 366 | 2,758.5 | 327 |
| 498 | * | NVR Reston, Va. | 5,169.6 | 16.1 | 382.9 | 330 | 36.0 | 2,515.1 | 484 | 1,239.2 | 417 |
| 499 | * | CINCINNATI FINANCIAL Fairfield, Ohio | 5,141.8 | 4.0 | 634.0 | 260 | 20.7 | 18,888.4 | 240 | 6,426.8 | 206 |
| 500 | * | BURLINGTON STORES Burlington, N.J. ¹ | 5,129.8 | 5.8 | 150.5 | 404 | 128.2 | 2,580.1 | 481 | [99.0] | 479 |
| TOTALS | | | 11,995,015.2 | | 839,601.9 | | | 38,538,675.1 | | 6,619,809.3 | |



BROADBAND BOOM TIMES
 WEB-SURFING, NETFLIX-WATCHING CUSTOMERS
 HAVE BEEN GOOD TO FRONTIER. THE COMPANY
 ADDED AROUND 30% MORE BROADBAND SUB-
 SCRIBERS OVER THE PAST TWO YEARS, LEADING TO
 \$200 MILLION IN INCREASED DATA SERVICE SALES.



SOURCE: FRONTIER COMMUNICATIONS

| MARKET VALUE 3/31/16 | | PROFITS AS % OF ... | | | | | | EARNINGS PER SHARE | | | | TOTAL RETURN TO INVESTORS | | | | Industry table number | RANK 2015 |
|-------------------------|------|---------------------|------|--------|------|----------------------|------|--------------------|--------------------|------------------------------|------|---------------------------|------|-----------------------|------|-----------------------------|--------------|
| \$ millions | Rank | Revenues | | Assets | | Stockholders' equity | | 2015 \$ | % change from 2014 | 2005-2015 annual growth rate | | 2015 % | Rank | 2005-2015 annual rate | | | |
| | | % | Rank | % | Rank | % | Rank | | | % | Rank | % | Rank | % | Rank | | |
| 9,655.3 | 296 | 5.4 | 270 | 3.5 | 284 | 12.8 | 246 | 2.00 | (50.0) | 1.8 | 252 | 14.3 | 96 | 14.4 | 71 | 7 | 453 |
| 10,025.2 | 289 | 18.7 | 42 | 0.8 | 401 | 6.3 | 387 | 0.75 | (6.3) | (10.0) | 320 | (6.9) | 261 | (9.6) | 378 | 8 | 453 |
| 16,317.9 | 216 | 10.2 | 142 | 13.9 | 36 | 491.5 | 3 | 4.37 | 3.3 | (3.3) | 295 | 25.0 | 49 | 11.6 | 114 | 32 | 455 |
| 7,676.8 | 329 | 7.2 | 220 | 7.9 | 114 | 18.8 | 165 | 5.51 | 16.2 | 16.6 | 42 | 15.3 | 90 | 16.8 | 42 | 22 | 456 |
| 356.2 | 465 | (7.6) | 477 | (7.0) | 484 | - | - | (4.97) | - | - | - | - | - | - | - | 27 | 457 |
| 43.0 | 469 | (35.6) | 489 | (18.1) | 493 | (217.7) | 473 | (109.98) | - | - | - | (93.4) | 465 | (34.5) | 394 | 43 | 458 |
| 10,230.3 | 285 | 15.1 | 73 | 13.0 | 40 | 35.2 | 61 | 6.56 | 48.4 | - | - | 36.3 | 18 | 24.9 | 8 | 3 | 459 |
| 3,515.2 | 397 | 3.1 | 340 | 3.9 | 269 | 5.9 | 391 | 146.44 | (52.8) | (3.6) | 296 | (31.0) | 400 | 6.9 | 232 | 22 | 460 |
| 6,552.3 | 346 | (3.5) | 470 | (0.7) | 455 | (3.5) | 440 | (0.29) | (323.1) | - | - | (24.2) | 376 | (0.4) | 340 | 59 | 461 |
| 17,810.8 | 209 | 13.7 | 85 | 10.2 | 68 | 23.6 | 119 | 2.41 | 9.0 | 15.5 | 48 | (2.0) | 222 | 17.3 | 37 | 45 | 462 |
| - | - | 0.6 | 427 | 3.5 | 286 | 31.4 | 72 | - | - | - | - | - | - | - | - | 67 | 463 |
| 15,293.2 | 223 | 7.0 | 226 | 4.2 | 251 | 6.8 | 379 | 1.82 | (57.0) | (0.9) | 276 | (21.3) | 361 | 2.3 | 316 | 56 | 464 |
| 15,598.9 | 221 | 15.9 | 65 | 6.7 | 151 | 21.8 | 134 | 3.07 | (11.3) | 11.4 | 91 | (3.4) | 238 | 3.0 | 301 | 41 | 465 |
| 8,575.6 | 315 | 11.1 | 129 | 6.3 | 160 | 64.4 | 26 | 5.14 | 23.0 | - | - | (13.5) | 312 | - | - | 31 | 466 |
| 726.4 | 460 | 1.0 | 417 | 2.8 | 314 | 6.0 | 390 | 1.39 | 127.9 | 2.5 | 245 | (3.9) | 240 | (3.5) | 363 | 60 | 467 |
| 9,560.1 | 298 | 15.3 | 71 | 8.9 | 92 | 59.6 | 31 | 1.62 | 1.9 | - | - | 3.3 | 175 | - | - | 19 | 468 |
| 3,815.9 | 392 | 2.7 | 356 | 2.3 | 343 | 7.4 | 368 | 0.76 | 15.2 | - | - | (25.1) | 378 | - | - | 28 | 469 |
| 3,093.3 | 408 | 42.0 | 3 | 48.8 | 1 | 216.1 | 7 | 52.63 | - | - | - | 7.1 | 145 | - | - | 44 | 470 |
| 7,878.2 | 326 | 6.6 | 237 | 3.3 | 295 | 9.8 | 308 | 2.06 | 4.6 | 20.5 | 22 | (10.1) | 282 | 7.5 | 219 | 13 | 471 |
| 6,952.2 | 336 | 5.7 | 258 | 3.1 | 303 | 10.2 | 300 | 4.48 | 49.3 | (16.4) | 329 | (13.1) | 307 | 9.0 | 163 | 7 | 472 |
| 12,563.0 | 248 | 10.4 | 138 | 4.7 | 226 | 7.9 | 354 | 0.74 | (22.9) | 6.9 | 164 | (32.7) | 405 | 0.8 | 327 | 53 | 472 |
| 1,062.9 | 451 | 1.4 | 405 | 3.8 | 274 | 11.1 | 276 | 1.98 | 8.2 | 5.9 | 187 | (3.0) | 234 | 2.5 | 310 | 68 | 474 |
| - | - | (99.5) | 497 | (22.9) | 495 | - | - | - | - | - | - | - | - | - | - | 16 | 475 |
| 12,453.8 | 249 | 10.9 | 133 | 2.3 | 337 | 7.4 | 366 | 41.74 | 87.4 | 10.9 | 101 | 29.4 | 33 | 10.8 | 129 | 38 | 476 |
| 1,190.6 | 449 | (0.8) | 452 | (2.0) | 471 | (6.1) | 449 | (1.18) | (138.7) | - | - | (21.8) | 366 | 3.7 | 292 | 68 | 477 |
| - | - | 1.5 | 401 | 2.8 | 312 | 19.5 | 154 | 2.61 | - | 0.4 | 267 | - | - | - | - | 17 | 478 |
| - | - | 8.5 | 182 | 1.1 | 386 | 9.5 | 317 | - | - | - | - | - | - | - | - | 35 | 479 |
| 5,479.8 | 364 | 6.2 | 244 | 4.5 | 239 | 8.8 | 338 | 2.79 | 46.1 | - | - | 33.5 | 23 | - | - | 71 | 480 |
| 26,277.1 | 150 | 21.8 | 32 | 14.1 | 33 | 595.9 | 2 | 4.21 | - | 6.7 | 170 | 12.3 | 113 | 9.4 | 153 | 19 | 481 |
| 6,725.8 | 342 | 9.5 | 157 | 1.9 | 355 | 11.1 | 275 | 3.43 | 3.3 | 9.9 | 115 | 2.6 | 182 | 10.4 | 136 | 55 | 482 |
| 7,533.1 | 330 | 5.4 | 268 | 1.6 | 368 | 7.5 | 365 | 0.90 | (46.1) | (2.2) | 282 | 24.1 | 52 | 14.5 | 69 | 65 | 483 |
| 10,258.8 | 284 | 6.9 | 229 | 6.2 | 164 | 17.1 | 184 | 4.85 | 3.6 | 15.0 | 50 | 22.7 | 58 | 17.2 | 38 | 67 | 484 |
| 1,811.7 | 439 | 1.4 | 404 | 3.5 | 283 | 7.6 | 362 | 1.33 | 0.8 | 1.5 | 257 | 1.5 | 193 | 6.4 | 242 | 14 | 485 |
| 11,057.7 | 271 | 15.9 | 64 | 0.6 | 417 | 4.3 | 406 | 1.55 | 0.0 | - | - | 7.0 | 149 | - | - | 8 | 486 |
| 4,505.3 | 381 | 4.4 | 298 | 8.1 | 113 | 124.7 | 14 | 1.52 | (1.3) | - | - | 18.5 | 73 | - | - | 34 | 487 |
| 65,383.9 | 60 | 34.7 | 6 | 6.0 | 173 | 40.9 | 49 | 5.88 | 30.1 | 12.4 | 70 | 10.3 | 121 | 14.3 | 72 | 53 | 488 |
| 2,537.6 | 425 | 2.7 | 354 | 2.5 | 330 | 5.4 | 395 | 2.24 | (66.3) | - | - | (4.5) | 246 | - | - | 24 | 489 |
| 12,091.6 | 254 | 13.0 | 96 | 9.3 | 84 | 36.6 | 56 | 5.13 | 16.1 | 8.8 | 135 | 10.8 | 118 | 8.9 | 172 | 2 | 490 |
| 13,124.6 | 240 | 12.5 | 105 | 7.0 | 143 | 12.8 | 244 | 3.70 | 2.2 | 5.8 | 188 | 1.6 | 191 | 8.5 | 184 | 56 | 491 |
| 22,868.9 | 177 | 13.6 | 88 | 7.6 | 124 | 26.8 | 98 | 2.99 | 0.3 | 8.3 | 141 | 28.9 | 35 | 15.5 | 54 | 19 | 492 |
| 20,560.3 | 190 | 3.7 | 320 | 0.6 | 419 | 2.9 | 417 | 0.29 | (82.0) | - | - | (30.6) | 399 | - | - | 50 | 493 |
| 4,103.5 | 386 | 19.2 | 41 | 0.7 | 409 | 25.1 | 109 | 2.61 | (3.0) | - | - | (44.7) | 437 | - | - | 13 | 494 |
| 2,250.2 | 431 | 2.8 | 352 | 8.7 | 97 | 19.8 | 151 | 2.80 | 35.9 | - | - | (2.1) | 223 | 12.7 | 99 | 58 | 495 |
| 3,275.7 | 405 | 4.2 | 302 | 2.3 | 338 | 5.3 | 396 | 1.98 | - | 1.2 | 259 | 4.8 | 163 | (0.9) | 343 | 59 | 496 |
| 4,164.1 | 384 | 5.6 | 264 | 3.5 | 285 | 10.4 | 291 | 2.62 | 21.9 | - | - | 8.9 | 132 | - | - | 38 | 497 |
| 6,723.7 | 343 | 7.4 | 211 | 15.2 | 24 | 30.9 | 74 | 89.99 | 41.7 | 0.0 | 271 | 28.8 | 36 | 8.9 | 171 | 30 | 498 |
| 10,741.2 | 275 | 12.3 | 112 | 3.4 | 288 | 9.9 | 307 | 3.83 | 20.4 | 1.2 | 261 | 19.0 | 72 | 7.5 | 218 | 38 | 499 |
| 4,053.4 | 389 | 2.9 | 345 | 5.8 | 178 | - | - | 1.99 | 128.7 | - | - | (9.2) | 276 | - | - | 57 | 500 |

16,969,797.1

ARRIVALS AND DEPARTURES

NEWCOMERS
AND RETURNEES

| | 500 rank 2015 | 1,000 rank 2014 | 2015 REVENUES \$ millions |
|----|---------------------|-----------------------|---------------------------------|
| 1 | 485 | 515 | 5,290.5 |
| 2 | 484 | 508 | 5,304.9 |
| 3 | 420 | — | 6,149.0 |
| 4 | 495 | 501 | 5,190.6 |
| 5 | 500 | 532 | 5,129.8 |
| 6 | 499 | 525 | 5,141.8 |
| 7 | 486 | — | 5,276.0 |
| 8 | 429 | 530 | 6,028.0 |
| 9 | 469 | 587 | 5,447.9 |
| 10 | 497 | 554 | 5,175.5 |
| 11 | 492 | 512 | 5,254.0 |
| 12 | 461 | 540 | 5,576.0 |
| 13 | 471 | 558 | 5,392.4 |
| 14 | 457 | — | 5,619.3 |
| 15 | 269 | — | 10,535.0 |
| 16 | 491 | 563 | 5,259.3 |
| 17 | 476 | 504 | 5,370.0 |
| 18 | 498 | 577 | 5,169.6 |
| 19 | 307 | — | 9,248.0 |
| 20 | 185 | — | 15,270.0 |
| 21 | 482 | 521 | 5,308.2 |
| 22 | 490 | 507 | 5,262.0 |
| 23 | 488 | 529 | 5,266.1 |
| 24 | 496 | 518 | 5,176.2 |
| 25 | 315 | — | 8,981.8 |
| 26 | 323 | — | 8,717.7 |
| 27 | 437 | 519 | 5,926.1 |
| 28 | 353 | 909 | 7,623.2 |
| 29 | 431 | 555 | 5,997.8 |

DISPLACED
FROM LIST

| | 1,000 rank 2015 | 500 rank 2014 | 2014 REVENUES \$ millions |
|----|-----------------------|---------------------|---------------------------------|
| 1 | 593 | 473 | 5,506.0 |
| 2 | 589 | 389 | 6,981.0 |
| 3 | 600 | 465 | 5,628.0 |
| 4 | 509 | 499 | 5,231.8 |
| 5 | — | 380 | 7,237.9 |
| 6 | — | 492 | 5,322.9 |
| 7 | 536 | 373 | 7,484.7 |
| 8 | 656 | 406 | 6,646.1 |
| 9 | 534 | 328 | 8,679.0 |
| 10 | 571 | 457 | 5,791.1 |
| 11 | — | 215 | 14,098.0 |
| 12 | — | 456 | 5,806.1 |
| 13 | — | 95 | 33,260.0 |
| 14 | — | 281 | 10,489.3 |
| 15 | 544 | 443 | 5,979.8 |
| 16 | — | 404 | 6,731.3 |
| 17 | 501 | 424 | 6,366.0 |
| 18 | — | 165 | 18,205.0 |
| 19 | — | 464 | 5,631.0 |
| 20 | 541 | 448 | 5,933.2 |
| 21 | 662 | 350 | 8,262.5 |
| 22 | — | 414 | 6,551.4 |
| 23 | — | 402 | 6,765.4 |
| 24 | — | 386 | 7,112.0 |
| 25 | 522 | 496 | 5,293.0 |
| 26 | — | 84 | 36,643.1 |
| 27 | 681 | 441 | 6,008.2 |
| 28 | — | 175 | 17,539.0 |
| 29 | 585 | 477 | 5,433.7 |

TURBULENT TIMES

GROCERY CHAIN SAFEWAY, KRAFT FOODS, AND DIRECTV ARE AMONG THE COMPANIES THAT LEFT THE LIST AFTER BEING ACQUIRED, WHILE SPIN-OFF PAYPAL MADE ITS DEBUT. WEAK OIL AND GAS PRICES LED TO HEAVY LOSSES FOR ENERGY COMPANIES.

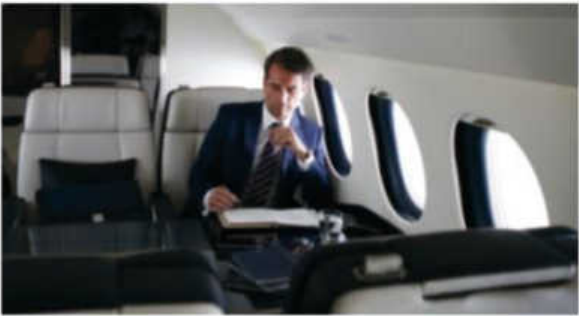
*A RETURNEE TO THE FORTUNE 500 LIST.

THE 55 MONEY LOSERS

| Company | 500 rank | LOSS \$ millions | Company | 500 rank | LOSS \$ millions | Company | 500 rank | LOSS \$ millions |
|------------------------|----------|---------------------|---------------------------|----------|---------------------|----------------------------|----------|---------------------|
| APACHE | 388 | 23,119.0* | SEARS HOLDINGS | 111 | 1,129.0* | NAVISTAR INTERNATIONAL | 281 | 184.0* |
| CHESAPEAKE ENERGY | 223 | 14,685.0 | NATIONAL OILWELL VARCO | 192 | 769.0 | NCR | 409 | 178.0 |
| DEVON ENERGY | 216 | 14,454.0 | IHEARTMEDIA | 414 | 754.6* | ENERGY | 247 | 176.6 |
| FREEMONT-MCMORAN | 175 | 12,236.0* | CENTERPOINT ENERGY | 363 | 692.0 | AECOM | 156 | 154.8 |
| OCCIDENTAL PETROLEUM | 225 | 7,829.0 | HALLIBURTON | 117 | 671.0 | NEWS CORP. | 327 | 147.0 |
| ANADARKO PETROLEUM | 324 | 6,692.0* | GENWORTH FINANCIAL | 306 | 615.0* | TENET HEALTHCARE | 140 | 140.0 |
| NRG ENERGY | 193 | 6,382.0 | WILLIAMS | 364 | 571.0 | AMERISOURCEBERGEN | 12 | 134.9 |
| GENERAL ELECTRIC | 11 | 6,126.0 | HRG GROUP | 441 | 556.8* | STEEL DYNAMICS | 356 | 130.3 |
| ENERGY FUTURE HOLDINGS | 475 | 5,342.0* | J.C. PENNEY | 228 | 513.0* | TOYS "R" US | 240 | 130.0* |
| EDG RESOURCES | 322 | 4,524.5 | AK STEEL HOLDING | 383 | 509.0* | FARMERS INSURANCE EXCHANGE | 227 | 113.7 |
| CONOCOPHILLIPS | 90 | 4,428.0 | MGM RESORTS INTERNATIONAL | 309 | 447.7* | KINDRED HEALTHCARE | 372 | 93.4* |
| HESS | 394 | 3,056.0 | GENESIS HEALTHCARE | 457 | 426.2* | OWENS-ILLINOIS | 418 | 75.0 |
| MARATHON OIL | 438 | 2,204.0 | ALCOA | 126 | 322.0 | SALESFORCE.COM | 386 | 47.4* |
| PEABODY ENERGY | 458 | 1,996.0* | CHARTER COMMUNICATIONS | 292 | 271.0* | ESSENDANT | 477 | 44.3 |
| BAKER HUGHES | 178 | 1,967.0 | CONAGRA FOODS | 176 | 252.6 | LIVE NATION ENTERTAINMENT | 366 | 32.5* |
| UNITED STATES STEEL | 244 | 1,642.0 | I-3 COMMUNICATIONS | 245 | 240.0 | DEAN FOODS | 336 | 8.5* |
| FIRST DATA | 249 | 1,481.0* | BOSTON SCIENTIFIC | 359 | 239.0* | COMPUTER SCIENCES | 233 | 8.0 |
| ICAHN ENTERPRISES | 184 | 1,194.0* | FRONTIER COMMUNICATIONS | 461 | 196.0 | | | |
| AVON PRODUCTS | 370 | 1,148.9* | XPO LOGISTICS | 353 | 191.1* | | | |

*ALSO LOST MONEY IN 2014.

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HEAR YOURSELF THINK.



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ENGINEERED WITH PASSION

DEFINITIONS AND EXPLANATIONS

METHODOLOGY Companies are ranked by total revenues for their respective fiscal years. Included in the survey are companies that are incorporated in the U.S. and operate in the U.S. and file financial statements with a government agency. This includes private companies and cooperatives that file a 10-K or a comparable financial statement with a government agency, and mutual insurance companies that file with state regulators. It also includes companies that file with a government agency but are owned by private companies, domestic or foreign, that do not file such financial statements. Excluded are private companies not filing with a government agency; companies incorporated outside the U.S.; and U.S. companies consolidated by other companies, domestic or foreign, that file with a government agency. Also excluded are companies that failed to report full financial statements for at least three-quarters of the current fiscal year. Percent change calculations for revenue, net income, and earnings per share are based on data as originally reported. They are not restated for mergers, acquisitions, or accounting changes. The only changes to the prior years' data are for significant restatement due to reporting errors that require a company to file an amended 10-K.

REVENUES Revenues are as reported, including revenues from discontinued operations when published. If a spin-off is on the list, it has not been included in discontinued operations. Revenues for commercial banks include interest and noninterest revenues. Revenues for insurance companies include premium and annuity income, investment income, and capital gains or losses, but exclude deposits. Revenues figures for all companies include consolidated subsidiaries and exclude excise taxes. Data shown are for the fiscal year ended on or before Jan. 31, 2016. Unless otherwise noted, all figures are for the year ended Dec. 31, 2015.

PROFITS Profits are shown after taxes, extraordinary credits or charges, cumulative effects of accounting changes, and noncontrolling interests (including subsidiary preferred dividends), but before preferred dividends of the company. Figures in parentheses indicate a loss. Profit declines of more than 100% reflect swings from 2014 profits to 2015 losses. Profits for real estate investment trusts, partnerships, and cooperatives are reported but are not comparable with those of the other companies on the list because they are not taxed on a comparable basis. Profits for mutual insurance companies are based on statutory accounting.

BALANCESHEET Assets are the company's year-end total. Total stockholders' equity is the sum of all capital stock, paid-in capital, and retained earnings at the company's year-end. Excluded is equity attributable to noncontrolling interests. Also excluded is redeemable preferred stock whose redemption is either mandatory or outside the company's control. Dividends paid on such stock have been subtracted from the profit figures used in calculating return on equity.

EMPLOYEES The figure shown is a fiscal year-end number as published by the company in its annual report. Where the breakdown between full- and part-time employees is supplied, a part-time employee is counted as one-half of a full-time employee.

EARNINGS-PER-SHARE The figure shown for each company is the diluted earnings-per-share figure that appears on the income statement. Per-share earnings are adjusted for stock splits and stock dividends. Though earnings-per-share numbers are not marked by footnotes, if a company's profits are footnoted it can be assumed that earnings per share is affected as well. The five-year and 10-year earnings-growth rates are the annual rates, compounded.

TOTAL RETURN TO INVESTORS Total return to investors includes both price appreciation and dividend yield to an investor in the company's stock. The figures shown assume sales at

the end of 2015 of stock owned at the end of 2005, 2010, and 2014. It has been assumed that any proceeds from cash dividends and stock received in spin-offs were reinvested when they were paid. Returns are adjusted for stock splits, stock dividends, recapitalizations, and corporate reorganizations as they occurred; however, no effort has been made to reflect the cost of brokerage commissions or of taxes. Total-return percentages shown are the returns received by the hypothetical investor described above. The five-year and 10-year returns are the annual rates, compounded.

MEDIANS No attempt has been made to calculate median figures in the tables for groups of fewer than four companies. The medians for profit changes from 2014 to 2015 do not include companies that lost money in 2014 or lost money in both 2014 and 2015, because no meaningful percentage changes can be calculated in such cases.

CREDITS This *Fortune* 500 Directory was prepared under the direction of list editor Scott DeCarlo. Income statement and balance sheet data provided by the companies were reviewed and verified against published earnings releases, 10-K filings, and annual reports by reporter Douglas G. Elam and accounting specialists Rhona Altschuler and Kathleen Lyons. Markets editor Kathleen Smyth used those same sources to check the data for earnings per share. In addition, we used data provided by Thomson Reuters and S&P Global Market Intelligence to calculate total return and market capitalization. Database administrator Larry Shine provided technical support. Researcher Viki Goldman assisted with the data gathering and verification. The data verification process was aided substantially by information provided by S&P Capital IQ. Other sources used were Hoover's and Lexis Securities Mosaic.

FOOTNOTES

¹ Includes revenues from discontinued operations.

² A cooperative.

³ Excise taxes have been deducted.

⁴ A limited liability company.

⁵ A partnership.

⁶ A real estate investment trust.

⁷ Figures are for fiscal year ended Jan. 31, 2016.

⁸ Figures are for fiscal year ended Sept. 30, 2015.

⁹ Acquired Precision Castparts [2014 rank: 302], Jan. 29, 2016.

¹⁰ Figures are for fiscal year ended March 31, 2015.

¹¹ Acquired Omnicare [2014 rank: 414], Aug. 18, 2015.

¹² Acquired DirecTV [2014 rank: 95], July 24, 2015.

¹³ Figures are for fiscal year ended Aug. 31, 2015.

¹⁴ Company's senior preferred stock is owned by the U.S. Treasury, which also holds a warrant to purchase 79.9% of the common stock.

¹⁵ Reorganized as a holding company after acquiring the remaining 55% of Alliance Boots (Switzerland), Dec. 31, 2014. Prior year's figures are for Walgreen, now a subsidiary of the company.

¹⁶ Company's published revenues include \$52.1 billion in discontinued operations of Hewlett-Packard Enterprise, spun off on Nov. 1, 2015 (after the company's fiscal year-end), and changed name from Hewlett-Packard, Nov. 1, 2015.

¹⁷ Figures are for fiscal year ended Oct. 31, 2015.

¹⁸ Figures are for fiscal year ended June 30, 2015.

¹⁹ Reorganized as a holding company, Oct. 2, 2015. Prior year's figures are for Google, now a subsidiary of the company.

²⁰ Figures are for fiscal year ended July 31, 2015.

²¹ Acquired Hospira [2014 rank: 575], Sept. 3, 2015.

²² Figures are for fiscal year ended May 31, 2015.

²³ A mutual company, not a stock company. It is grouped with stock companies because it reports according to Generally Accepted Accounting Principles.

²⁴ Changed name from TIAA-CREF, Feb. 22, 2016.

²⁵ Not a mutual company, but reports financial data according to statutory accounting.

²⁶ Company reports sale of physical commodities on a gross basis.

²⁷ Acquired Pepco Holdings [2015 rank: 507], March 23, 2016.

²⁸ Figures are for fiscal year ended Feb. 28, 2015.

²⁹ The parent company of US Foods Inc. [listed last year]. Prior year's figures are for subsidiary, US Foods Inc.

³⁰ Acquired Health Net [2014 rank: 216], March 24, 2016.

³¹ Spun off Veritiv [2015 rank: 323], July 1, 2014.

³² Acquired Pall [2014 rank: 796], Aug. 31, 2015.

³³ Acquired Kraft Foods Group [2014 rank: 165], July 2, 2015, and changed name from H.J. Heinz.

³⁴ Acquired by Centene [2015 rank: 124], March 24, 2016.

³⁵ Acquired Family Dollar Stores [2014 rank: 281], July 6, 2015.

³⁶ Went public, Oct. 1, 2015.

³⁷ Spun off NOW [2015 rank: 727], May 30, 2014.

³⁸ Figures are for fiscal year ended Nov. 30, 2015.

³⁹ Spun off California Resources [2015 rank: 862], Nov. 30, 2014.

⁴⁰ Went public, Oct. 15, 2015.

⁴¹ Changed name from RockTenn after acquiring MeadWestvaco [2014 rank: 464], July 1, 2015.

⁴² Acquired by Berkshire Hathaway [2015 rank: 4], Jan. 29, 2016.

⁴³ Spun off Baxalta [2015 rank: 420], July 1, 2015.

⁴⁴ Spun off PayPal Holdings [2015 rank: 307], July 20, 2015.

⁴⁵ Spun off from eBay [2015 rank: 300], July 20, 2015.

⁴⁶ Incorporated in the U.S. and headquartered in Stockholm. Its North American headquarters are in Auburn Hills, Mich.

⁴⁷ Went public, June 18, 2015.

⁴⁸ Acquired by Schlumberger (France), April 1, 2016.

⁴⁹ Spun off from International Paper [2015 rank: 127], July 1, 2014.

⁵⁰ Acquired Covance [2014 rank: 816], Feb. 19, 2015.

⁵¹ Acquired by Broadcom Ltd. [formerly Avago Technologies, Singapore], Feb. 2, 2016.

⁵² Spun off Talen Energy [2015 rank: 548], June 1, 2015.

⁵³ Acquired Con-way [2014 rank: 456], Oct. 30, 2015.

⁵⁴ Figures are for fiscal year ended April 30, 2015.

⁵⁵ Net income before allocations to partners. Total partnership capital subject to mandatory redemption.

⁵⁶ Acquired SunGard Data Systems [2014 rank: 724], Nov. 30, 2015.

⁵⁷ Consists of a nonpublic reciprocal insurer and a publicly held management company. Consolidated data are reported according to Generally Accepted Accounting Principles.

⁵⁸ Spun off from Baxter International [2015 rank: 286], July 1, 2015.

⁵⁹ Changed name from Wisconsin Energy after acquiring Integris Energy Group [2014 rank: 404], June 29, 2015.

⁶⁰ Acquired by Newell Brands [2015 rank: 434], April 15, 2016.

⁶¹ Acquired Jarden [2015 rank: 328] and changed name from Newell Rubbermaid, April 15, 2016.

⁶² Changed name from McGraw Hill Financial, April 28, 2016.

⁶³ Acquired SanDisk [2015 rank: 464], May 12, 2016.

⁶⁴ Acquired by Western Digital [2015 rank: 194], May 12, 2016.

COMPANY SPOTLIGHT | 2016

ABM INDUSTRIES

HOW ONE BUILDING SERVICES COMPANY REORGANIZED TO MEET MORE CLIENT NEEDS



“We said to our ourselves, ‘How do we stay No. 1? How do we accelerate?’ So we created a new strategy and are executing change from a position of strength.”

—**SCOTT SALMIRS**, President and CEO of ABM Industries



When Scott Salmirs became President and Chief Executive Officer of ABM Industries in March 2015, he inherited a 106-year old public company with a demonstrated track record of strong historical growth, and nearly 200 consecutive quarters of dividend declarations. Yet Salmirs, who was the company’s northeast Executive Vice President for 12 years, wanted to change the way the firm had been operating since it opened its doors in 1909.

FOR MOST OF ITS HISTORY, the building and facilities services company had organized its business into services-based divisions, such as janitorial, parking, and facilities engineering. After talking to clients, though, Salmirs and his team realized that it could offer more value if it structured its business by industry. Now, instead of providing just one service to a client, it’s offering a suite of services to each client within a defined industry: aviation, education, health care, high tech, and business and industry—which encapsulates industrial and manufacturing, commercial real estate, sports & entertainment, and others.

“We said to our ourselves, ‘How do we stay number one? How do we accelerate?’ So we created a new strategy and are executing change from a position of strength in order to get even better,” says Salmirs.

Here’s how this new approach might work. A traveler parks her car at the airport. She then takes a shuttle to the terminal. Her companion may need a wheelchair to get to the gate; when

she throws out her coffee, that needs to be cleaned up. They ultimately get on the aircraft that needs to be cleaned and stocked.

ABM can provide all of those services as one solution—it operates parking lots and shuttles, provides wheelchair assistance, cleans facilities, and also cleans the aircraft cabin. It also offers services ranging from HVAC retrofits to the installation of electric-car charging stations.

The *Fortune* 500 company’s transformation is a three-phase process, says Salmirs. First was the reorganization into industry groups, which was just completed. The next phase: to create long-term business plans and development tools including technology that will help clients run their business, says Salmirs. The third phase is what ABM calls the “acceleration phase,” which represents improvement of the first two phases.

“And it all came out of client meetings,” says Salmirs. “We listened, we planned, and we changed the focus of the company to become even more aligned with our clients to solve their problems.”

Connecting on the Course

Dalynn Hoch, Chief Financial Officer, and Colleen Zitt, Corporate Controller, Zurich North America

AS A CHILD, DALYNN HOCH, THE CHIEF FINANCIAL OFFICER

of Zurich North America, would travel to a course 30 miles away to learn golf from her father. Hoch is now passing her passion on through mentorship—specifically to Colleen Zitt, corporate controller at Zurich. The two started working together at Zurich seven years ago and found a personal connection almost instantly. Hoch also serves on the Advisory Council for the KPMG Women's Leadership Summit—part of the KPMG Women's PGA Championship—and is closely involved in her company's investment in the PGA Tour's Zurich Classic. Her experiences have helped shape her sense of golf's power as both a business tool and a force for good.

What has mentorship meant to you both?

Colleen Zitt: Dalynn has taken a personal interest in what my desires are as a person, as a professional, and in everything that is important to me. It's given me confidence, and the feeling of support around me. It's that network you have when you fail—you have someone who cares and wants to help you move forward. It's a very natural relationship that has been extremely beneficial to me.

Dalynn Hoch: As a mentor to Colleen, I actually believe I am the fortunate one. In a mentoring relationship, you gain more than you ever give. I'm so blessed to be where I am today because I had amazing sponsors and mentors. I hope that I continue to provide that to Colleen.

How have you helped bring golf and leadership to women at Zurich?

DH: Golf is an important business investment and a really important personal investment. Through mentoring and playing golf, you have the opportunity to impact people. At Zurich, we now have a women's executive committee for golf that engages our female customers and brokers in a comfortable situation introducing them to the sport. The feedback and business impact from that clinic are more than we can ever calculate.

How has the KPMG Women's Leadership Summit impacted your careers?

DH: Having the opportunity to participate on the Advisory Council for the KPMG Women's PGA Championship and the KPMG Women's Leadership Summit has been a tremendous opportunity. KPMG has made a long-term commitment through this sponsorship to the development of women golfers and the development of women leaders.

CZ: I had the pleasure last year to attend the KPMG Women's Leadership Summit. It's a unique event, and KPMG's continuing commitment to the next generation of women leaders has been fantastic.

DH: I specifically remember from last year the excitement of the players and the women participating in the summit. They were so thrilled to be a part of such a special event, and I know that I felt the same way. ●



Over seven years, Hoch (left) has built a strong mentoring bond with Zitt. Hoch believes in introducing women to golf, for both relationship building and the sheer joy of the game.

Here's to breaking more glass ceilings

From boardrooms to the golf course, and everywhere else, the sky is the limit for women pursuing their goals.

The 2016 KPMG Women's PGA Championship, a world-class, major golf championship, and the KPMG Women's Leadership Summit inspire women to break even more glass ceilings.

Learn more about KPMG's continued commitment to the next generation of women leaders.

KPMG.com/WomensLeadership

[@KPMGImpire](https://twitter.com/KPMGImpire)



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HOW THE COMPANIES STACK UP

There are other ways to measure success besides annual revenue. Here we rank the 500 in categories such as earnings growth, capital efficiency, total return to shareholders, and more.

500



ILLUSTRATION BY ANDREAS NEOPHYTOU

TECH TRIUMPHS
 AFTER DROPPING TO SECOND PLACE LAST YEAR IN 10-YEAR PROFIT GROWTH, APPLE VAULTED BACK TO NO. 1, PULLING IN FRONT OF MASSACHUSETTS BIOTECHNOLOGY COMPANY BIOGEN. SOCIAL MEDIA GIANT FACEBOOK CONTINUED ITS ASCENT IN THE 500 WITH THE STRONGEST FIVE-YEAR SALES GROWTH.

FASTEST-GROWING COMPANIES

GROWTH IN PROFITS 1 YEAR

| Rank | 500 revenues rank | 2015 % growth in EPS | |
|----------------|-----------------------------|----------------------|----------|
| 1 | HD SUPPLY HOLDINGS | 320 | 36,450.0 |
| 2 | EBAY | 300 | 3,450.0 |
| 3 | RITE AID | 107 | 804.3 |
| 4 | LEVEL 3 COMMUNICATIONS | 333 | 691.7 |
| 5 | DELTA AIR LINES | 68 | 621.8 |
| 6 | UNITED CONTINENTAL HOLDINGS | 80 | 564.5 |
| 7 | PRUDENTIAL FINANCIAL | 50 | 276.8 |
| 8 | BANK OF AMERICA CORP. | 26 | 263.9 |
| 9 | GENERAL MOTORS | 8 | 258.2 |
| 10 | MONDELEZ INTERNATIONAL | 94 | 246.9 |
| 11 | INTL FCSTONE | 83 | 192.9 |
| 12 | ABBVIE | 123 | 184.5 |
| 13 | STRYKER | 287 | 182.1 |
| 14 | AMERICAN AIRLINES GROUP | 67 | 181.7 |
| 15 | STAPLES | 132 | 181.0 |
| 16 | HOLLYFRONTIER | 214 | 174.6 |
| 17 | DARDEN RESTAURANTS | 371 | 154.4 |
| 18 | CITIGROUP | 29 | 145.5 |
| 19 | FORD MOTOR | 9 | 130.0 |
| 20 | HARTFORD FINANCIAL SERVICES | 152 | 128.9 |
| THE 500 MEDIAN | | 3.3 | |

5 YEARS

| Rank | 500 revenues rank | 2010-15 % annual growth in EPS | |
|----------------|-----------------------------|--------------------------------|-------|
| 1 | AES | 190 | 113.2 |
| 2 | UNITED CONTINENTAL HOLDINGS | 80 | 78.3 |
| 3 | VALERO ENERGY | 32 | 69.6 |
| 4 | LITHIA MOTORS | 346 | 67.8 |
| 5 | TRINITY INDUSTRIES | 407 | 64.2 |
| 6 | OLD REPUBLIC INTERNATIONAL | 442 | 62.7 |
| 7 | CALPINE | 402 | 60.5 |
| 8 | INTL FCSTONE | 83 | 57.1 |
| 9 | TEXTRON | 209 | 54.9 |
| 10 | PVH | 340 | 53.8 |
| 11 | DELTA AIR LINES | 68 | 51.7 |
| 12 | GILEAD SCIENCES | 86 | 48.3 |
| 13 | LENNAR | 301 | 46.7 |
| 14 | TENNECO | 334 | 45.5 |
| 15 | JETBLUE AIRWAYS | 405 | 44.9 |
| 16 | AVIS BUDGET GROUP | 330 | 43.5 |
| 17 | HARLEY-DAVIDSON | 432 | 42.9 |
| 18 | ASBURY AUTOMOTIVE GROUP | 393 | 41.3 |
| 19 | MERCK | 72 | 41.0 |
| 20 | SOUTHWEST AIRLINES | 142 | 39.9 |
| THE 500 MEDIAN | | 8.7 | |

10 YEARS

| Rank | 500 revenues rank | 2005-15 % annual growth in EPS | |
|----------------|----------------------------|--------------------------------|------|
| 1 | APPLE | 3 | 45.2 |
| 2 | BIOGEN | 263 | 41.7 |
| 3 | GILEAD SCIENCES | 86 | 39.4 |
| 4 | DISCOVERY COMMUNICATIONS | 406 | 38.7 |
| 5 | CELGENE | 305 | 35.9 |
| 6 | TECH DATA | 108 | 32.2 |
| 7 | WESTROCK | 251 | 28.2 |
| 8 | PRICELINE GROUP | 308 | 27.9 |
| 9 | COMCAST | 37 | 27.7 |
| 10 | MONSANTO | 189 | 26.2 |
| 11 | COGNIZANT TECHNOLOGY | 230 | 25.1 |
| 12 | PACKAGING CORP. OF AMERICA | 446 | 24.7 |
| 13 | ALPHABET | 36 | 24.7 |
| 14 | TRINITY INDUSTRIES | 407 | 24.6 |
| 15 | LKQ | 369 | 24.2 |
| 16 | AGCO | 360 | 24.2 |
| 17 | INTL FCSTONE | 83 | 24.1 |
| 18 | MICRON TECHNOLOGY | 173 | 23.9 |
| 19 | ROSS STORES | 237 | 22.1 |
| 20 | JARDEN | 328 | 22.1 |
| THE 500 MEDIAN | | 6.7 | |

GROWTH IN REVENUES 1 YEAR

| Rank | 500 revenues rank | 2015 % growth in revenues | |
|----------------|------------------------------|---------------------------|-------|
| 1 | XPO LOGISTICS | 353 | 223.5 |
| 2 | AECOM | 156 | 115.3 |
| 3 | DOLLAR TREE | 180 | 80.2 |
| 4 | NGL ENERGY PARTNERS | 167 | 73.2 |
| 5 | KRAFT HEINZ | 153 | 67.9 |
| 6 | MOLINA HEALTHCARE | 201 | 46.7 |
| 7 | LITHIA MOTORS | 346 | 45.6 |
| 8 | LAB. CORP. OF AMERICA | 325 | 44.4 |
| 9 | FACEBOOK | 157 | 43.8 |
| 10 | CENTENE | 124 | 37.4 |
| 11 | WALGREENS BOOTS ALLIANCE | 19 | 35.4 |
| 12 | D.R. HORTON | 260 | 34.9 |
| 13 | KINDRED HEALTHCARE | 372 | 33.3 |
| 14 | MCKESSON | 5 | 31.3 |
| 15 | GILEAD SCIENCES | 86 | 31.1 |
| 16 | ZIMMER BIOMET HOLDINGS | 431 | 28.3 |
| 17 | APPLE | 3 | 27.9 |
| 18 | REYNOLDS AMERICAN | 266 | 26.0 |
| 19 | SALESFORCE.COM | 386 | 24.1 |
| 20 | ENVISION HEALTHCARE HOLDINGS | 469 | 23.9 |
| THE 500 MEDIAN | | (0.5) | |

5 YEARS

| Rank | 500 revenues rank | 2010-15 % annual growth in revenues | |
|----------------|------------------------|-------------------------------------|------|
| 1 | FACEBOOK | 157 | 55.5 |
| 2 | LEUCADIA NATIONAL | 242 | 47.1 |
| 3 | ENERGY TRANSFER EQUITY | 65 | 44.9 |
| 4 | CENTENE | 124 | 38.5 |
| 5 | GILEAD SCIENCES | 86 | 32.6 |
| 6 | SALESFORCE.COM | 386 | 32.1 |
| 7 | WESTROCK | 251 | 30.6 |
| 8 | LITHIA MOTORS | 346 | 29.8 |
| 9 | APPLE | 3 | 29.1 |
| 10 | MOLINA HEALTHCARE | 201 | 28.3 |
| 11 | NETFLIX | 379 | 25.7 |
| 12 | AMAZON.COM | 18 | 25.6 |
| 13 | LENNAR | 301 | 25.3 |
| 14 | SPARTANNASH | 351 | 24.6 |
| 15 | PRICELINE GROUP | 308 | 24.5 |
| 16 | TRINITY INDUSTRIES | 407 | 23.9 |
| 17 | LKQ | 369 | 23.8 |
| 18 | ARTHUR J. GALLAGHER | 471 | 23.7 |
| 19 | AECOM | 156 | 22.4 |
| 20 | COGNIZANT TECHNOLOGY | 230 | 22.0 |
| THE 500 MEDIAN | | 4.3 | |

10 YEARS

| Rank | 500 revenues rank | 2005-15 % annual growth in revenues | |
|----------------|----------------------------|-------------------------------------|------|
| 1 | APPLE | 3 | 32.6 |
| 2 | GILEAD SCIENCES | 86 | 32.0 |
| 3 | CENTENE | 124 | 31.2 |
| 4 | COGNIZANT TECHNOLOGY | 230 | 30.2 |
| 5 | AMAZON.COM | 18 | 28.8 |
| 6 | ALPHABET | 36 | 28.4 |
| 7 | ICAHN ENTERPRISES | 184 | 28.3 |
| 8 | PRICELINE GROUP | 308 | 25.4 |
| 9 | KINDER MORGAN | 198 | 24.6 |
| 10 | MOLINA HEALTHCARE | 201 | 24.0 |
| 11 | WELL CARE HEALTH PLANS | 202 | 22.1 |
| 12 | CENTURYLINK | 159 | 21.9 |
| 13 | LAS VEGAS SANDS | 241 | 21.0 |
| 14 | WESTROCK | 251 | 20.7 |
| 15 | THERMO FISHER SCIENTIFIC | 164 | 20.5 |
| 16 | EXPRESS SCRIPTS HOLDING | 22 | 20.1 |
| 17 | COMMUNITY HEALTH SYSTEMS | 125 | 19.6 |
| 18 | NRG ENERGY | 193 | 18.4 |
| 19 | DAVITA HEALTHCARE PARTNERS | 200 | 16.6 |
| 20 | DOLLAR TREE | 180 | 16.4 |
| THE 500 MEDIAN | | 3.9 | |

MOST PROFITABLE COMPANIES

| PROFITS | | 2015 |
|----------------|---------------------------------|-------------|
| Rank | 500 revenues rank | \$ millions |
| 1 | APPLE | 53,394.0 |
| 2 | JPMORGAN CHASE & CO. | 24,442.0 |
| 3 | BERKSHIRE HATHAWAY | 24,083.0 |
| 4 | WELLS FARGO | 22,894.0 |
| 5 | GILEAD SCIENCES | 18,108.0 |
| 6 | VERIZON COMMUNICATIONS | 17,879.0 |
| 7 | CITIGROUP | 17,242.0 |
| 8 | ALPHABET | 16,348.0 |
| 9 | EXXON MOBIL | 16,150.0 |
| 10 | BANK OF AMERICA CORP. | 15,888.0 |
| 11 | JOHNSON & JOHNSON | 15,409.0 |
| 12 | WAL-MART STORES | 14,694.0 |
| 13 | AT&T | 13,345.0 |
| 14 | INTERNATIONAL BUSINESS MACHINES | 13,190.0 |
| 15 | MICROSOFT | 12,193.0 |
| 16 | INTEL | 11,420.0 |
| 17 | FANNIE MAE | 10,954.0 |
| 18 | ORACLE | 9,938.0 |
| 19 | GENERAL MOTORS | 9,687.0 |
| 20 | CISCO SYSTEMS | 8,981.0 |
| THE 500 MEDIAN | | 686.4 |

| RETURN ON REVENUES | | 2015 |
|--------------------|-----------------------------|--------------------------|
| Rank | 500 revenues rank | profits as % of revenues |
| 1 | GILEAD SCIENCES | 55.5 |
| 2 | VISA | 45.6 |
| 3 | VISTEON | 42.0 |
| 4 | LEVEL 3 COMMUNICATIONS | 41.7 |
| 5 | MASTERCARD | 39.4 |
| 6 | SIMON PROPERTY GROUP | 34.7 |
| 7 | BIOGEN | 33.0 |
| 8 | AMGEN | 32.0 |
| 9 | REYNOLDS AMERICAN | 30.5 |
| 10 | BLACKROCK | 29.3 |
| 11 | TWENTY-FIRST CENTURY FOX | 28.7 |
| 12 | ALTRIA GROUP | 27.8 |
| 13 | PRICELINE GROUP | 27.7 |
| 14 | U.S. BANCORP | 27.4 |
| 15 | ORACLE | 26.0 |
| 16 | PHILIP MORRIS INTERNATIONAL | 25.7 |
| 17 | FRANKLIN RESOURCES | 25.6 |
| 18 | WELLS FARGO | 25.4 |
| 19 | PNC FINANCIAL SVCS. GROUP | 25.2 |
| 20 | MONDELEZ INTERNATIONAL | 24.5 |
| THE 500 MEDIAN | | 5.9 |

| RETURN ON SHAREHOLDERS' EQUITY | | 2015 |
|--------------------------------|---------------------------------|------------------------|
| Rank | 500 revenues rank | profits as % of equity |
| 1 | RITE AID | 3,696.7 |
| 2 | S&P GLOBAL | 595.9 |
| 3 | CLOROX | 491.5 |
| 4 | CROWN HOLDINGS | 272.9 |
| 5 | FANNIE MAE | 271.8 |
| 6 | FREDDIE MAC | 216.9 |
| 7 | VISTEON | 216.1 |
| 8 | HD SUPPLY HOLDINGS | 197.8 |
| 9 | UNITED PARCEL SERVICE | 196.1 |
| 10 | ALTRIA GROUP | 182.0 |
| 11 | YUM BRANDS | 141.9 |
| 12 | AMERICAN AIRLINES GROUP | 135.0 |
| 13 | ABBVIE | 130.4 |
| 14 | BOOZ ALLEN HAMILTON | 124.7 |
| 15 | SHERWIN-WILLIAMS | 121.4 |
| 16 | LOCKHEED MARTIN | 116.4 |
| 17 | HOME DEPOT | 111.0 |
| 18 | VERIZON COMMUNICATIONS | 108.8 |
| 19 | GILEAD SCIENCES | 97.7 |
| 20 | INTERNATIONAL BUSINESS MACHINES | 92.5 |
| THE 500 MEDIAN | | 13.3 |

PRESCRIPTION FOR SUCCESS
 PHARMACY CHAIN RITE AID RANKED NO. 1 IN RETURN ON SHAREHOLDERS' EQUITY BUT MAY DISAPPEAR FROM THE 500 NEXT YEAR IF A PROPOSED ACQUISITION BY WALGREENS IS APPROVED. PROFITS AT EXXON MOBIL FELL SOME 50% FROM LAST YEAR.

MOST BANG FOR THE BUCK

| REVENUES PER DOLLAR OF ASSETS | | 2015 |
|-------------------------------|--------------------------|------|
| Rank | 500 revenues rank | \$ |
| 1 | A-MARK PRECIOUS METALS | 18.6 |
| 2 | CORE-MARK HOLDING | 8.2 |
| 3 | INTL FCSTONE | 6.8 |
| 4 | WORLD FUEL SERVICES | 6.7 |
| 5 | MURPHY USA | 5.8 |
| 6 | LANSING TRADE GROUP | 5.5 |
| 7 | AMERISOURCEBERGEN | 4.9 |
| 8 | PERFORMANCE FOOD GROUP | 4.5 |
| 9 | C.H. ROBINSON WORLDWIDE | 4.2 |
| 10 | TECH DATA | 4.1 |
| 11 | SPARTANNASH | 4.0 |
| 12 | SUPERVALU | 4.0 |
| 13 | GLOBAL PARTNERS | 3.9 |
| 14 | TRAVELCENTERS OF AMERICA | 3.6 |
| 15 | VERITIV | 3.5 |
| 16 | OWENS & MINOR | 3.5 |
| 17 | INGRAM MICRO | 3.5 |
| 18 | COSTCO WHOLESALE | 3.5 |
| 19 | CARDINAL HEALTH | 3.4 |
| 20 | MCKESSON | 3.4 |
| THE 500 MEDIAN | | 0.7 |

| REVENUES PER DOLLAR OF EQUITY | | 2015 |
|-------------------------------|-------------------------|-------|
| Rank | 500 revenues rank | \$ |
| 1 | RITE AID | 465.0 |
| 2 | AMERISOURCEBERGEN | 214.6 |
| 3 | A-MARK PRECIOUS METALS | 108.5 |
| 4 | INTL FCSTONE | 87.4 |
| 5 | CROWN HOLDINGS | 60.8 |
| 6 | LANSING TRADE GROUP | 49.9 |
| 7 | CLOROX | 48.0 |
| 8 | PERFORMANCE FOOD GROUP | 31.0 |
| 9 | TENET HEALTHCARE | 29.1 |
| 10 | BOOZ ALLEN HAMILTON | 28.3 |
| 11 | S&P GLOBAL | 27.4 |
| 12 | FANNIE MAE | 27.4 |
| 13 | UNITED PARCEL SERVICE | 23.6 |
| 14 | ONEOK | 23.1 |
| 15 | MCKESSON | 22.7 |
| 16 | FREDDIE MAC | 21.6 |
| 17 | ASBURY AUTOMOTIVE GROUP | 20.9 |
| 18 | AVIS BUDGET GROUP | 19.4 |
| 19 | TENNECO | 19.0 |
| 20 | WINDSTREAM HOLDINGS | 18.8 |
| THE 500 MEDIAN | | 2.5 |

| REVENUES PER EMPLOYEE | | 2015 |
|-----------------------|------------------------|-------------|
| Rank | 500 revenues rank | \$ millions |
| 1 | A-MARK PRECIOUS METALS | 116.7 |
| 2 | INTL FCSTONE | 28.2 |
| 3 | HOST HOTELS & RESORTS | 22.5 |
| 4 | FANNIE MAE | 15.1 |
| 5 | FREDDIE MAC | 11.7 |
| 6 | LANSING TRADE GROUP | 11.1 |
| 7 | VALERO ENERGY | 8.1 |
| 8 | AMERISOURCEBERGEN | 8.0 |
| 9 | KKR | 6.5 |
| 10 | WORLD FUEL SERVICES | 6.5 |
| 11 | PHILLIPS 66 | 6.2 |
| 12 | PBF ENERGY | 5.8 |
| 13 | GLOBAL PARTNERS | 5.5 |
| 14 | NGL ENERGY PARTNERS | 5.4 |
| 15 | NORTHWESTERN MUTUAL | 5.1 |
| 16 | HOLLYFRONTIER | 4.9 |
| 17 | REINSURANCE GROUP | 4.7 |
| 18 | TESORO | 4.7 |
| 19 | PLAINS GP HOLDINGS | 4.3 |
| 20 | GILEAD SCIENCES | 4.1 |
| THE 500 MEDIAN | | 0.5 |

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STOCK MARKET STARS

THE MARKET VALUE OF ALPHABET (FORMERLY GOOGLE) SURGED NEARLY \$150 BILLION, NARROWING THE GAP WITH APPLE. DIGITAL ENTERTAINMENT COMPANY NETFLIX AND ONLINE SHOPPING GIANT AMAZON.COM LED IN ONE-YEAR INVESTMENT RETURNS.

BIGGEST COMPANIES

| BY MARKET VALUE | | 3/31/16 | |
|-----------------|------------------------|-------------|-----------|
| Rank | 500 revenues rank | \$ millions | |
| 1 | APPLE | 3 | 604,304.1 |
| 2 | ALPHABET | 36 | 525,119.2 |
| 3 | MICROSOFT | 25 | 436,830.8 |
| 4 | BERKSHIRE HATHAWAY | 4 | 350,279.1 |
| 5 | EXXON MOBIL | 2 | 347,128.9 |
| 6 | FACEBOOK | 157 | 324,760.6 |
| 7 | JOHNSON & JOHNSON | 39 | 298,562.7 |
| 8 | GENERAL ELECTRIC | 11 | 295,174.3 |
| 9 | AMAZON.COM | 18 | 279,510.7 |
| 10 | WELLS FARGO | 27 | 244,568.4 |
| 11 | AT&T | 10 | 240,942.9 |
| 12 | PROCTER & GAMBLE | 34 | 222,612.8 |
| 13 | VERIZON COMMUNICATIONS | 13 | 220,646.4 |
| 14 | JPMORGAN CHASE & CO. | 23 | 217,353.1 |
| 15 | WAL-MART STORES | 1 | 215,355.5 |
| 16 | COCA-COLA | 62 | 200,845.4 |
| 17 | VISA | 204 | 183,663.4 |
| 18 | PFIZER | 55 | 183,297.9 |
| 19 | CHEVRON | 14 | 179,653.1 |
| 20 | ORACLE | 77 | 169,771.0 |
| THE 500 MEDIAN | | | 14,079.6 |

| BY EQUITY | | 2015 | |
|----------------|------------------------------|-------------|-----------|
| Rank | 500 revenues rank | \$ millions | |
| 1 | BANK OF AMERICA CORP. | 26 | 256,205.0 |
| 2 | BERKSHIRE HATHAWAY | 4 | 255,550.0 |
| 3 | JPMORGAN CHASE & CO. | 23 | 247,573.0 |
| 4 | CITIGROUP | 29 | 221,857.0 |
| 5 | WELLS FARGO | 27 | 192,998.0 |
| 6 | EXXON MOBIL | 2 | 170,811.0 |
| 7 | CHEVRON | 14 | 152,716.0 |
| 8 | AT&T | 10 | 122,671.0 |
| 9 | ALPHABET | 36 | 120,331.0 |
| 10 | APPLE | 3 | 119,355.0 |
| 11 | GENERAL ELECTRIC | 11 | 98,274.0 |
| 12 | AMERICAN INTERNATIONAL GROUP | 49 | 89,658.0 |
| 13 | GOLDMAN SACHS GROUP | 74 | 86,728.0 |
| 14 | STATE FARM INSURANCE COS. | 35 | 82,659.8 |
| 15 | WAL-MART STORES | 1 | 80,546.0 |
| 16 | MICROSOFT | 25 | 80,083.0 |
| 17 | MORGAN STANLEY | 78 | 75,182.0 |
| 18 | JOHNSON & JOHNSON | 39 | 71,150.0 |
| 19 | METLIFE | 40 | 67,949.0 |
| 20 | KRAFT HEINZ | 153 | 66,005.0 |
| THE 500 MEDIAN | | | 4,866.7 |

| BY EMPLOYEES | | 2015 | |
|----------------|---------------------------------|---------------------|-----------|
| Rank | 500 revenues rank | number of employees | |
| 1 | WAL-MART STORES | 1 | 2,300,000 |
| 2 | YUM BRANDS | 218 | 505,000 |
| 3 | KROGER | 17 | 431,000 |
| 4 | MCDONALD'S | 109 | 420,000 |
| 5 | INTERNATIONAL BUSINESS MACHINES | 31 | 411,798 |
| 6 | HOME DEPOT | 28 | 385,000 |
| 7 | UNITED PARCEL SERVICE | 48 | 341,240 |
| 8 | TARGET | 38 | 341,000 |
| 9 | GENERAL ELECTRIC | 11 | 333,000 |
| 10 | BERKSHIRE HATHAWAY | 4 | 331,000 |
| 11 | FEDEX | 58 | 323,035 |
| 12 | WALGREENS BOOTS ALLIANCE | 19 | 302,500 |
| 13 | HP | 20 | 287,000 |
| 14 | AT&T | 10 | 281,450 |
| 15 | WELLS FARGO | 27 | 264,700 |
| 16 | PEPSICO | 44 | 263,000 |
| 17 | STARBUCKS | 146 | 238,000 |
| 18 | JPMORGAN CHASE & CO. | 23 | 234,598 |
| 19 | CITIGROUP | 29 | 231,000 |
| 20 | AMAZON.COM | 18 | 230,800 |
| THE 500 MEDIAN | | | 24,900 |

BEST INVESTMENTS

| TOTAL RETURN TO SHAREHOLDERS 1 YEAR | | | 2015 |
|-------------------------------------|------------------------|-----|-------|
| Rank | 500 revenues rank | | % |
| 1 | NETFLIX | 379 | 134.4 |
| 2 | AMAZON.COM | 18 | 117.8 |
| 3 | A-MARK PRECIOUS METALS | 426 | 92.3 |
| 4 | INTL FCSTONE | 83 | 62.7 |
| 5 | CABLEVISION SYSTEMS | 399 | 57.7 |
| 6 | HORMEL FOODS | 304 | 54.3 |
| 7 | REYNOLDS AMERICAN | 266 | 48.4 |
| 8 | STARBUCKS | 146 | 48.2 |
| 9 | VALERO ENERGY | 32 | 46.8 |
| 10 | EXPEDIA | 385 | 46.7 |
| 11 | ALPHABET | 36 | 46.6 |
| 12 | CONSTELLATION BRANDS | 429 | 46.2 |
| 13 | TESORO | 98 | 44.6 |
| 14 | PBF ENERGY | 217 | 43.7 |
| 15 | JETBLUE AIRWAYS | 405 | 42.8 |
| 16 | CIGNA | 79 | 42.2 |
| 17 | BOSTON SCIENTIFIC | 359 | 39.2 |
| 18 | ALASKA AIR GROUP | 459 | 36.3 |
| 19 | BROADCOM | 331 | 34.9 |
| 20 | CASEY'S GENERAL STORES | 374 | 34.5 |
| THE 500 MEDIAN | | | (2.9) |

| 5 YEARS | | | 2010-15 |
|----------------|------------------------|-----|---------------|
| Rank | 500 revenues rank | | annual rate % |
| 1 | RITE AID | 107 | 54.8 |
| 2 | LITHIA MOTORS | 346 | 51.1 |
| 3 | CONSTELLATION BRANDS | 429 | 45.3 |
| 4 | TESORO | 98 | 43.3 |
| 5 | ALASKA AIR GROUP | 459 | 42.3 |
| 6 | GILEAD SCIENCES | 86 | 41.4 |
| 7 | FANNIE MAE | 16 | 40.5 |
| 8 | EXPEDIA | 385 | 40.2 |
| 9 | FREDDIE MAC | 43 | 39.7 |
| 10 | CENTENE | 124 | 39.0 |
| 11 | CORE-MARK HOLDING | 317 | 37.1 |
| 12 | HANES BRANDS | 448 | 36.9 |
| 13 | CHARTER COMMUNICATIONS | 292 | 36.3 |
| 14 | VISA | 204 | 35.6 |
| 15 | BIOGEN | 263 | 35.5 |
| 16 | NETFLIX | 379 | 35.4 |
| 17 | MASTERCARD | 294 | 34.7 |
| 18 | L BRANDS | 234 | 33.5 |
| 19 | JARDEN | 328 | 33.4 |
| 20 | HOME DEPOT | 28 | 33.3 |
| THE 500 MEDIAN | | | 12.1 |

| 10 YEARS | | | 2005-15 |
|----------------|-----------------------|-----|---------------|
| Rank | 500 revenues rank | | annual rate % |
| 1 | PRICELINE GROUP | 308 | 49.9 |
| 2 | NETFLIX | 379 | 40.3 |
| 3 | AMAZON.COM | 18 | 30.5 |
| 4 | APPLE | 3 | 27.1 |
| 5 | XPO LOGISTICS | 353 | 25.9 |
| 6 | SALESFORCE.COM | 386 | 25.6 |
| 7 | DOLLAR TREE | 180 | 25.5 |
| 8 | ALASKA AIR GROUP | 459 | 24.9 |
| 9 | ROSS STORES | 237 | 23.6 |
| 10 | AUTOZONE | 280 | 23.2 |
| 11 | O'REILLY AUTOMOTIVE | 342 | 23.0 |
| 12 | GILEAD SCIENCES | 86 | 22.8 |
| 13 | ALLIANCE DATA SYSTEMS | 404 | 22.8 |
| 14 | L BRANDS | 234 | 22.7 |
| 15 | WESTROCK | 251 | 22.7 |
| 16 | CELGENE | 305 | 22.1 |
| 17 | TJX | 89 | 21.3 |
| 18 | LKQ | 369 | 21.2 |
| 19 | TRACTOR SUPPLY | 415 | 21.1 |
| 20 | SHERWIN-WILLIAMS | 253 | 21.1 |
| THE 500 MEDIAN | | | 8.1 |

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IN AMERICA

A decorative flourish consisting of two symmetrical, flowing lines that meet at a central point, with a small star above it. Below this flourish are five stars of varying sizes, with the largest star in the center.

Bjoern Fischer
PRESIDENT | STIHL INC.



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STIHL[®]



BUILT IN AMERICA.*

Tanisha Hyman | Assembly / Trimmers

“Over the years, we’ve seen extraordinary growth – expanding from 50 employees assembling one chain saw to 2,100 employees producing over 275 models of handheld outdoor power equipment. By combining proven German engineering with advanced American manufacturing, our facility in Virginia Beach currently produces and exports products to over 90 countries. And while many of our competitors choose to move manufacturing overseas, we remain committed to creating more jobs in America.



Built in America sets STIHL apart.

*A majority of STIHL powerheads are built in the United States from domestic and foreign parts and components.



SERVING AMERICA.

John & Jim Herbert | Dealers / Owners
Bud Herbert Motors, Inc.

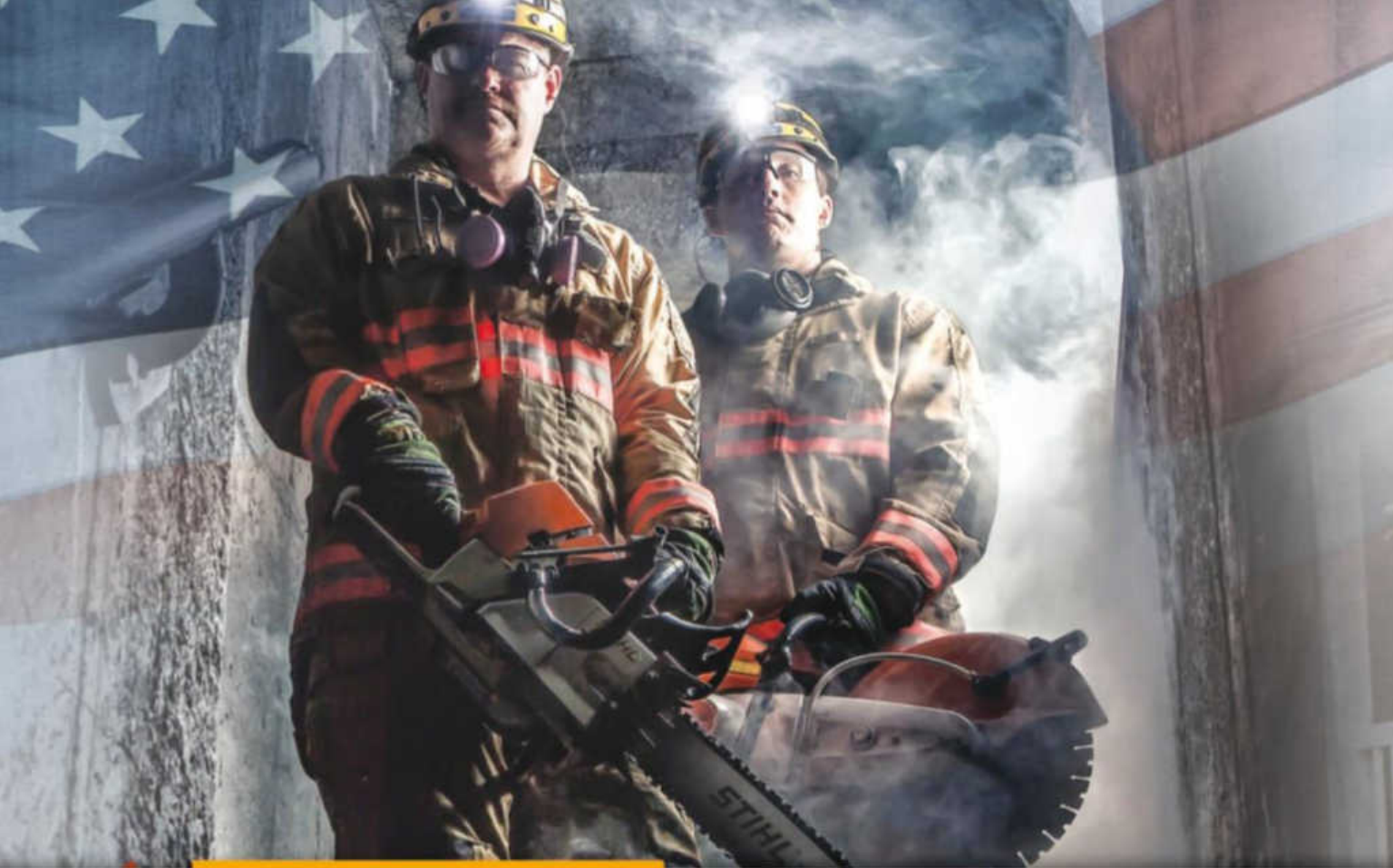
At STIHL, we choose to sell our products in the U.S. exclusively through servicing Dealers, helping our customers get professional advice, product demonstrations, and in-store parts and technical service. You won't find these offerings at the big box stores, and that's why you won't find STIHL at the big box stores. Providing exceptional service, before and after the sale, is a guiding principle we continue to stand behind. ”

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AT WORK IN AMERICA.

Mike Kaliher & Sean Betts | Search & Rescue Team

“Our commitment to quality manufacturing and superior service has done more than help us sell equipment – it has helped us earn a reputation among America’s hardest workers. From those who fight fires to those who maintain the integrity of our forests and the beauty of our landscapes, people choose STIHL when it matters most. Because at the end of the day, there’s no substitute for reliability.

Trusted dependability sets STIHL apart.

*A majority of STIHL powerheads are built in the United States from domestic and foreign parts and components.



NUMBER ONE IN AMERICA.*

Brooke and Matt Wibbenmeyer | Homeowners

Our loyal customers have made us the number one selling brand of gasoline-powered handheld outdoor power equipment in America. In today's marketplace, we know people have many choices, so to be chosen more often gives us an enormous sense of pride. We respect all those who care for nature, and we sincerely thank all the nation's homeowners, landscapers, loggers and contractors who proudly use STIHL equipment. ”

Being Number One in America sets STIHL apart.

*"Number one selling brand" is based on syndicated Irwin Broh Research as well as independent consumer research of 2009-2015 U.S. sales and market share data for the gasoline-powered handheld outdoor power equipment category combined sales to consumers and commercial landscapers. ©2016 STIHL



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BUILT IN AMERICA. BELIEVING IN AMERICA.

STIHL STRONG



STIHL® Made in USA

“The STIHL brand reflects a culture that transcends generations. People who use STIHL share our company’s beliefs – a belief in unwavering quality, a belief in the value of technical service, and a belief that the equipment should be as dependable as the people who use it. STIHL Strong is more than a motto; it’s a way of life. After all, staying strong by setting ourselves apart and refusing to compromise has always been the STIHL way.”

Thank you America for making STIHL Strong!

*A majority of STIHL powerheads are built in the United States from domestic and foreign parts and components.



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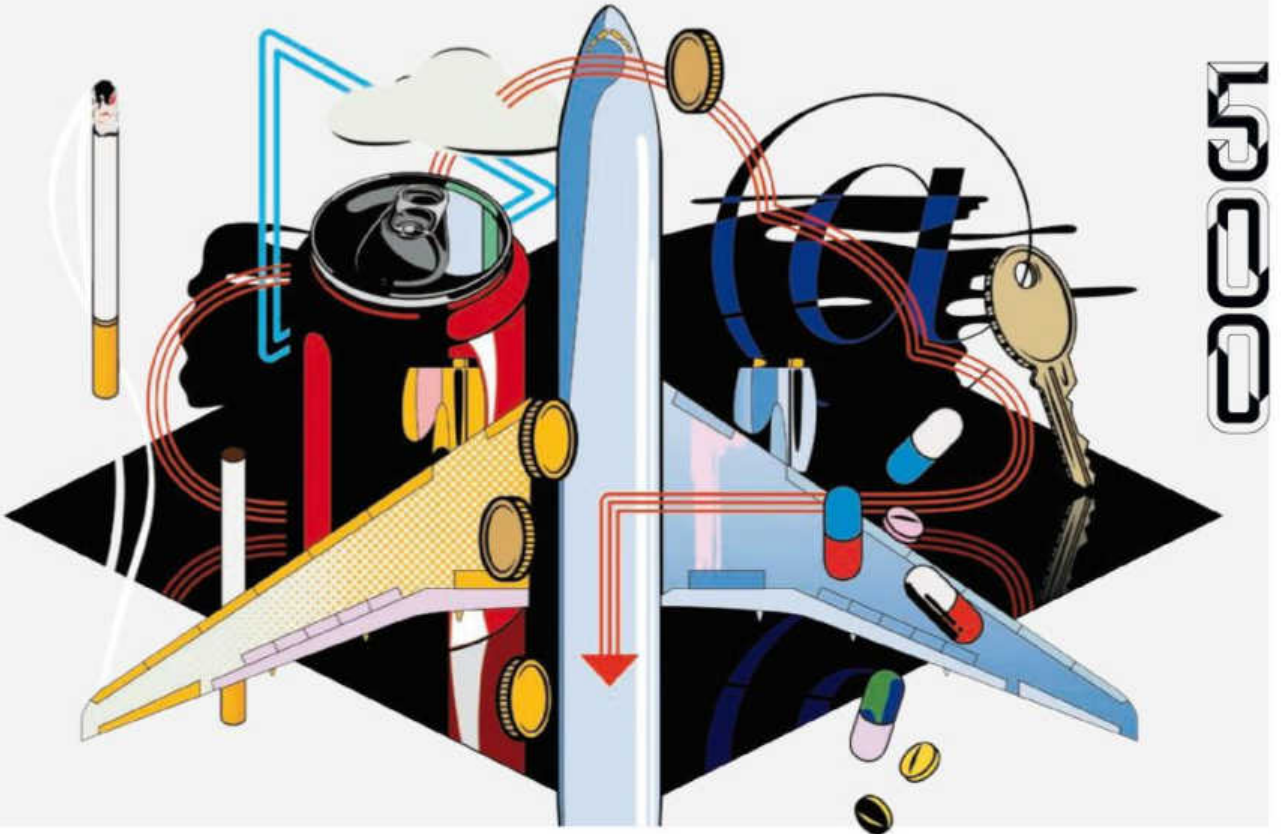


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500

| INDUSTRY NO. RANK | 500 rank | REVENUES \$ mil. | PROFITS \$ mil. | Rank | PROFITS AS % OF... Revenues % Rank | Stockholders' equity % Rank |
|-------------------|---|------------------|-----------------|--------------|------------------------------------|-----------------------------|
| 1 | ADVERTISING, MARKETING 2 COMPANIES | | | | | |
| 1 | DMNICO GROUP | 186 | 15,134 | 1,094 | 1 | 7 1 45 1 |
| 2 | INTERPUBLIC GROUP | 355 | 7,614 | 455 | 2 | 6 2 23 2 |
| TOTAL | | | 22,748 | 1,549 | | |

| INDUSTRY NO. RANK | 500 rank | REVENUES \$ mil. | PROFITS \$ mil. | Rank | PROFITS AS % OF... Revenues % Rank | Stockholders' equity % Rank |
|-------------------|---|------------------|-----------------|---------------|------------------------------------|-----------------------------|
| 2 | AEROSPACE AND DEFENSE 12 COMPANIES | | | | | |
| 1 | BOEING | 24 | 96,114 | 5,176 | 2 | 5 10 82 2 |
| 2 | UNITED TECHNOLOGIES | 45 | 61,047 | 7,608 | 1 | 12 3 28 6 |
| 3 | LOCKHEED MARTIN | 60 | 46,132 | 3,605 | 3 | 8 8 116 1 |
| 4 | GENERAL DYNAMICS | 88 | 31,469 | 2,965 | 4 | 9 5 28 7 |
| 5 | NORTHROP GRUMMAN | 118 | 23,526 | 1,990 | 6 | 8 7 36 5 |
| 6 | RAYTHEON | 120 | 23,247 | 2,074 | 5 | 9 6 20 9 |
| 7 | TEXTRON | 209 | 13,423 | 697 | 9 | 5 11 14 10 |
| 8 | L-3 COMMUNICATIONS | 245 | 11,554 | [240] | 12 | [2] 12 [6] 12 |
| 9 | PRECISION CASTPARTS | 282 | 10,056 | 1,530 | 7 | 15 1 14 11 |
| 10 | HUNTINGTON INGALLS INDUSTRIES | 378 | 7,020 | 404 | 11 | 6 9 27 8 |
| 11 | SPIRIT AEROSYSTEMS HOLDINGS | 389 | 6,644 | 789 | 8 | 12 4 37 3 |
| 12 | ROCKWELL COLLINS | 490 | 5,262 | 686 | 10 | 13 2 37 4 |
| TOTAL | | | 335,494 | 27,284 | | |
| MEDIAN | | | 18,335 | 1,760 | 9 | 28 |

| INDUSTRY NO. RANK | 500 rank | REVENUES \$ mil. | PROFITS \$ mil. | Rank | PROFITS AS % OF... Revenues % Rank | Stockholders' equity % Rank |
|-------------------|-----------------------------|------------------|-----------------|---------------|------------------------------------|-----------------------------|
| 3 | AIRLINES 6 COMPANIES | | | | | |
| 1 | AMERICAN AIRLINES GROUP | 67 | 40,990 | 7,610 | 1 | 19 2 135 1 |
| 2 | DELTA AIR LINES | 68 | 40,704 | 4,526 | 3 | 11 4 42 3 |
| 3 | UNITED CONTINENTAL HOLDINGS | 80 | 37,864 | 7,340 | 2 | 19 1 82 2 |
| 4 | SOUTHWEST AIRLINES | 142 | 19,820 | 2,181 | 4 | 11 5 30 5 |
| 5 | JETBLUE AIRWAYS | 405 | 6,416 | 677 | 6 | 11 6 21 6 |
| 6 | ALASKA AIR GROUP | 459 | 5,598 | 848 | 5 | 15 3 35 4 |
| TOTAL | | | 151,392 | 23,182 | | |
| MEDIAN | | | 28,842 | 3,354 | 13 | 38 |

| INDUSTRY NO. RANK | 500 rank | REVENUES \$ mil. | PROFITS \$ mil. | Rank | PROFITS AS % OF... Revenues % Rank | Stockholders' equity % Rank |
|-------------------|----------------------------|------------------|-----------------|--------------|------------------------------------|-----------------------------|
| 4 | APPAREL 5 COMPANIES | | | | | |
| 1 | NIKE | 91 | 30,601 | 3,273 | 1 | 11 1 26 2 |
| 2 | VF | 231 | 12,377 | 1,232 | 2 | 10 2 23 3 |
| 3 | PVH | 340 | 8,020 | 572 | 4 | 7 5 13 5 |
| 4 | RALPH LAUREN | 354 | 7,620 | 702 | 3 | 9 3 18 4 |
| 5 | HANESBRANDS | 448 | 5,732 | 429 | 5 | 7 4 34 1 |
| TOTAL | | | 64,350 | 6,208 | | |
| MEDIAN | | | 8,020 | 702 | 9 | 23 |

| INDUSTRY NO. RANK | 500 rank | REVENUES | PROFITS | PROFITS AS % OF... | | Stockholders' equity | |
|---|-------------------------|----------|----------------|--------------------|---------------|----------------------|--------|
| | | \$mil. | \$mil. Rank | Revenues % Rank | equity % Rank | | |
| 5 AUTOMOTIVE RETAILING, SERVICES 9 COMPANIES | | | | | | | |
| 1 | AUTONATION | 136 | 20,862 | 443 | 2 | 2 | 6 19 5 |
| 2 | PENSKE AUTOMOTIVE GROUP | 143 | 19,361 | 326 | 3 | 2 | 7 18 6 |
| 3 | CARMAX | 191 | 14,874 | 597 | 1 | 4 | 1 19 4 |
| 4 | GROUP 1 AUTOMOTIVE | 267 | 10,633 | 94 | 8 | 1 | 9 10 9 |
| 5 | HERTZ GLOBAL HOLDINGS | 269 | 10,535 | 273 | 5 | 3 | 3 14 7 |
| 6 | SONIC AUTOMOTIVE | 297 | 9,624 | 86 | 9 | 1 | 8 12 8 |
| 7 | AVIS BUDGET GROUP | 330 | 8,502 | 313 | 4 | 4 | 2 71 1 |
| 8 | LITHIA MOTORS | 346 | 7,864 | 183 | 6 | 2 | 5 22 3 |
| 9 | ASBURY AUTOMOTIVE GROUP | 393 | 6,588 | 169 | 7 | 3 | 4 54 2 |
| TOTAL | | | 108,843 | 2,485 | | | |
| MEDIAN | | | 10,535 | 273 | 2 | 19 | |

| 6 BEVERAGES 4 COMPANIES | | | | | | | |
|--------------------------------|-------------------------|-----|---------------|--------------|-----------|-----------|--------|
| 1 | COCA-COLA | 62 | 44,294 | 7,351 | 1 | 17 | 1 29 3 |
| 2 | COCA-COLA ENTERPRISES | 397 | 6,540 | 596 | 4 | 9 | 4 62 1 |
| 3 | DR PEPPER SNAPPLE GROUP | 413 | 6,282 | 764 | 3 | 12 | 3 35 2 |
| 4 | CONSTELLATION BRANDS | 429 | 6,028 | 839 | 2 | 14 | 2 15 4 |
| TOTAL | | | 63,144 | 9,550 | | | |
| MEDIAN | | | 6,411 | 802 | 13 | 32 | |

| 7 CHEMICALS 13 COMPANIES | | | | | | | |
|---------------------------------|--------------------------|-----|----------------|---------------|----------|-----------|----------|
| 1 | DOW CHEMICAL | 56 | 48,778 | 7,685 | 1 | 16 | 1 30 4 |
| 2 | DUPONT | 101 | 27,940 | 1,953 | 3 | 7 | 10 20 7 |
| 3 | PPG INDUSTRIES | 182 | 15,330 | 1,406 | 5 | 9 | 7 28 5 |
| 4 | MONSANTO | 189 | 15,001 | 2,314 | 2 | 15 | 2 33 3 |
| 5 | ECOLAB | 206 | 13,545 | 1,002 | 8 | 7 | 9 15 9 |
| 6 | SHERWIN-WILLIAMS | 253 | 11,339 | 1,054 | 7 | 9 | 6 121 1 |
| 7 | PRAXAIR | 262 | 10,776 | 1,547 | 4 | 14 | 3 35 2 |
| 8 | HUNTSMAN | 277 | 10,299 | 93 | 13 | 1 | 13 6 13 |
| 9 | AIR PRODUCTS & CHEMICALS | 288 | 9,895 | 1,278 | 6 | 13 | 4 18 8 |
| 10 | EASTMAN CHEMICAL | 296 | 9,648 | 848 | 10 | 9 | 8 22 6 |
| 11 | MOSAIC | 316 | 8,895 | 1,000 | 9 | 11 | 5 11 11 |
| 12 | CELANESE | 453 | 5,674 | 304 | 12 | 5 | 12 13 10 |
| 13 | ASHLAND | 472 | 5,387 | 309 | 11 | 6 | 11 10 12 |
| TOTAL | | | 192,508 | 20,793 | | | |
| MEDIAN | | | 10,776 | 1,054 | 9 | 20 | |

| 8 COMMERCIAL BANKS 17 COMPANIES | | | | | | | |
|--|-----------------------------|-----|---------|--------|----|----|---------|
| 1 | JPMORGAN CHASE & CO. | 23 | 101,006 | 24,442 | 1 | 24 | 5 10 5 |
| 2 | BANK OF AMERICA CORP. | 26 | 93,056 | 15,888 | 4 | 17 | 13 6 16 |
| 3 | WELLS FARGO | 27 | 90,033 | 22,894 | 2 | 25 | 2 12 3 |
| 4 | CITIGROUP | 29 | 88,275 | 17,242 | 3 | 20 | 10 8 12 |
| 5 | GOLDMAN SACHS GROUP | 74 | 39,208 | 6,083 | 6 | 16 | 17 7 14 |
| 6 | MORGAN STANLEY | 78 | 37,897 | 6,127 | 5 | 16 | 14 8 11 |
| 7 | CAPITAL ONE FINANCIAL | 112 | 25,098 | 4,050 | 9 | 16 | 15 9 8 |
| 8 | U.S. BANCORP | 131 | 21,494 | 5,879 | 7 | 27 | 1 13 2 |
| 9 | PNC FINANCIAL SVCS. GROUP | 171 | 16,270 | 4,106 | 8 | 25 | 3 9 7 |
| 10 | BANK OF N.Y. MELLON CORP. | 179 | 15,523 | 3,158 | 10 | 20 | 8 8 9 |
| 11 | STATE STREET CORP. | 264 | 10,760 | 1,980 | 13 | 18 | 12 9 6 |
| 12 | BB&T CORP. | 273 | 10,346 | 2,084 | 12 | 20 | 9 8 13 |
| 13 | DISCOVER FINANCIAL SERVICES | 283 | 10,002 | 2,297 | 11 | 23 | 6 20 1 |
| 14 | SUNTRUST BANKS | 329 | 8,533 | 1,933 | 14 | 23 | 7 8 10 |

| INDUSTRY NO. RANK | 500 rank | REVENUES | PROFITS | PROFITS AS % OF... | | Stockholders' equity | |
|----------------------|--------------------------|----------|----------------|--------------------|---------------|----------------------|---------|
| | | \$mil. | \$mil. Rank | Revenues % Rank | equity % Rank | | |
| 15 | FIFTH THIRD BANCORP | 376 | 7,031 | 1,712 | 15 | 24 | 4 11 4 |
| 16 | REGIONS FINANCIAL | 453 | 5,674 | 1,062 | 16 | 19 | 11 6 15 |
| 17 | CITIZENS FINANCIAL GROUP | 486 | 5,276 | 840 | 17 | 16 | 16 4 17 |
| TOTAL | | | 585,482 | 121,777 | | | |
| MEDIAN | | | 16,270 | 4,050 | 20 | 8 | |

| 9 COMPUTER PERIPHERALS 3 COMPANIES | | | | | | | |
|---|-----------------|-----|---------------|--------------|---|----|--------|
| 1 | EMC | 113 | 24,704 | 1,990 | 1 | 8 | 3 9 3 |
| 2 | WESTERN DIGITAL | 194 | 14,572 | 1,465 | 2 | 10 | 1 16 2 |
| 3 | NETAPP | 422 | 6,123 | 560 | 3 | 9 | 2 16 1 |
| TOTAL | | | 45,399 | 4,015 | | | |

| 10 COMPUTER SOFTWARE 4 COMPANIES | | | | | | | |
|---|----------------|-----|----------------|---------------|-----------|-----------|---------|
| 1 | MICROSOFT | 25 | 93,580 | 12,193 | 1 | 13 | 3 15 2 |
| 2 | ORACLE | 77 | 38,226 | 9,938 | 2 | 26 | 1 20 1 |
| 3 | SALESFORCE.COM | 386 | 6,667 | (47) | 4 | (1) | 4 (1) 4 |
| 4 | SYMANTEC | 400 | 6,508 | 878 | 3 | 13 | 2 15 3 |
| TOTAL | | | 144,981 | 22,962 | | | |
| MEDIAN | | | 22,447 | 5,408 | 13 | 15 | |

| 11 COMPUTERS, OFFICE EQUIPMENT 3 COMPANIES | | | | | | | |
|---|-------|-----|----------------|---------------|---|-----|----------|
| 1 | APPLE | 3 | 233,715 | 53,394 | 1 | 23 | 1 45 1 |
| 2 | HP | 20 | 103,355 | 4,554 | 2 | 4 | 2 16 2 |
| 3 | NCR | 409 | 6,373 | (178) | 3 | (3) | 3 (25) 3 |
| TOTAL | | | 343,443 | 57,770 | | | |

| 12 CONSTRUCTION AND FARM MACHINERY 5 COMPANIES | | | | | | | |
|---|-------------|-----|----------------|--------------|----------|-----------|--------|
| 1 | CATERPILLAR | 59 | 47,011 | 2,102 | 1 | 4 | 3 14 3 |
| 2 | DEERE | 97 | 28,863 | 1,940 | 2 | 7 | 2 29 1 |
| 3 | CUMMINS | 148 | 19,110 | 1,399 | 3 | 7 | 1 19 2 |
| 4 | AGCO | 360 | 7,467 | 266 | 4 | 4 | 4 9 4 |
| 5 | TEREX | 396 | 6,543 | 146 | 5 | 2 | 5 8 5 |
| TOTAL | | | 108,994 | 5,853 | | | |
| MEDIAN | | | 19,110 | 1,399 | 4 | 14 | |

| 13 DIVERSIFIED FINANCIALS 11 COMPANIES | | | | | | | |
|---|----------------------|-----|----------------|---------------|-----------|-----------|------------|
| 1 | FANNIE MAE | 16 | 110,359 | 10,954 | 1 | 10 | 7 272 1 |
| 2 | FREDDIE MAC | 43 | 63,491 | 6,376 | 2 | 10 | 6 217 2 |
| 3 | INTL FCSTONE | 83 | 34,693 | 56 | 10 | 0 | 10 14 7 |
| 4 | AMERICAN EXPRESS | 85 | 34,441 | 5,163 | 3 | 15 | 2 25 4 |
| 5 | ICAHN ENTERPRISES | 184 | 15,272 | (1,194) | 11 | (8) | 11 (30) 11 |
| 6 | MARSH & MCLENNAN | 222 | 12,893 | 1,599 | 4 | 12 | 5 25 5 |
| 7 | AMERIPRISE FINANCIAL | 232 | 12,200 | 1,562 | 5 | 13 | 4 22 6 |
| 8 | VOYA FINANCIAL | 252 | 11,341 | 408 | 8 | 4 | 9 3 10 |
| 9 | ALLY FINANCIAL | 298 | 9,539 | 1,289 | 6 | 14 | 3 10 9 |
| 10 | ARTHUR J. GALLAGHER | 471 | 5,392 | 357 | 9 | 7 | 8 10 8 |
| 11 | NAVIENT | 494 | 5,197 | 997 | 7 | 19 | 1 25 3 |
| TOTAL | | | 314,819 | 27,567 | | | |
| MEDIAN | | | 12,893 | 1,289 | 10 | 22 | |



“FLYING WHEELS UP IS THE BEST ADVANTAGE I CAN HAVE IN SPORTS AND IN BUSINESS.”

Name: Serena Williams
Title: Professional Tennis Player
and Entrepreneur
Aircraft: Cessna Citation Excel/XLS

WHEELS UP

1-855-FLY-8760
WHEELSUP.COM

I'm an entrepreneur with a hectic schedule. Between tennis, fashion, and sponsor engagements, convenience and comfort are key to my travel plans. With seating for 8, luggage space, and onboard Wi-Fi, the Citation Excel/XLS is as versatile as I am. Wheels Up is style, substance, and for me, the best way to travel.

Wheels Up acts as an agent for the Wheels Up members, and is not the operator of the program aircraft; FAA licensed and DOT registered air carriers participating in the program exercise full operational control of the program aircraft. Subject to additional terms and conditions in the Wheels Up Program documents.

| INDUSTRY NO. RANK | 500 rank | REVENUES | PROFITS | PROFITS AS % OF... | | Stockholders' equity | | | |
|----------------------|---|----------|---------------|--------------------|----------------|----------------------|--------|----|---|
| | | \$mil. | \$mil. Rank | Revenues % Rank | Profits % Rank | % Rank | % Rank | | |
| 14 | DIVERSIFIED OUTSOURCING SERVICES 3 COMPANIES | | | | | | | | |
| 1 | ARAMARK | 199 | 14,329 | 236 | 2 | 2 | 2 | 13 | 2 |
| 2 | AUTOMATIC DATA PROCESSING | 248 | 11,477 | 1,453 | 1 | 13 | 1 | 30 | 1 |
| 3 | ABM INDUSTRIES | 485 | 5,291 | 76 | 3 | 1 | 3 | 8 | 3 |
| TOTAL | | | 31,097 | 1,765 | | | | | |

| INDUSTRY NO. RANK | 500 rank | REVENUES | PROFITS | PROFITS AS % OF... | | Stockholders' equity | | | |
|----------------------|--|----------|---------------|--------------------|----------------|----------------------|--------|-----------|---|
| | | \$mil. | \$mil. Rank | Revenues % Rank | Profits % Rank | % Rank | % Rank | | |
| 15 | ELECTRONICS, ELECTRICAL EQUIPMENT 5 COMPANIES | | | | | | | | |
| 1 | HONEYWELL INTERNATIONAL | 75 | 38,581 | 4,768 | 1 | 12 | 2 | 26 | 3 |
| 2 | EMERSON ELECTRIC | 128 | 22,304 | 2,710 | 2 | 12 | 3 | 34 | 2 |
| 3 | WHIRLPOOL | 134 | 20,891 | 783 | 4 | 4 | 5 | 17 | 4 |
| 4 | ROCKWELL AUTOMATION | 412 | 6,308 | 828 | 3 | 13 | 1 | 37 | 1 |
| 5 | HARMAN INTL. INDUSTRIES | 419 | 6,155 | 343 | 5 | 6 | 4 | 14 | 5 |
| TOTAL | | | 94,239 | 9,431 | | | | | |
| MEDIAN | | | 20,891 | 828 | | 12 | | 26 | |

| INDUSTRY NO. RANK | 500 rank | REVENUES | PROFITS | PROFITS AS % OF... | | Stockholders' equity | | | |
|----------------------|---------------------------|----------|---------------|--------------------|----------------|----------------------|--------|------------|---|
| | | \$mil. | \$mil. Rank | Revenues % Rank | Profits % Rank | % Rank | % Rank | | |
| 16 | ENERGY 5 COMPANIES | | | | | | | | |
| 1 | NRG ENERGY | 193 | 14,674 | [6,382] | 5 | [43] | 4 | [236] | 4 |
| 2 | WILLIAMS | 364 | 7,360 | [571] | 3 | [8] | 3 | [9] | 3 |
| 3 | UGI | 384 | 6,691 | 281 | 1 | 4 | 1 | 10 | 1 |
| 4 | CALPINE | 402 | 6,472 | 235 | 2 | 4 | 2 | 8 | 2 |
| 5 | ENERGY FUTURE HOLDINGS | 475 | 5,370 | [5,342] | 4 | [99] | 5 | - | |
| TOTAL | | | 40,567 | [11,779] | | | | | |
| MEDIAN | | | 6,691 | [571] | | [8] | | [1] | |

| INDUSTRY NO. RANK | 500 rank | REVENUES | PROFITS | PROFITS AS % OF... | | Stockholders' equity | | | |
|----------------------|--|----------|---------------|--------------------|----------------|----------------------|--------|-----------|---|
| | | \$mil. | \$mil. Rank | Revenues % Rank | Profits % Rank | % Rank | % Rank | | |
| 17 | ENGINEERING, CONSTRUCTION 7 COMPANIES | | | | | | | | |
| 1 | FLUOR | 155 | 18,114 | 413 | 1 | 2 | 5 | 14 | 2 |
| 2 | AECOM | 156 | 17,990 | [155] | 7 | [1] | 7 | [5] | 7 |
| 3 | JACOBS ENGINEERING GROUP | 235 | 12,115 | 303 | 3 | 3 | 4 | 7 | 6 |
| 4 | PETER KIEWIT SONS' | 314 | 8,992 | 251 | 4 | 3 | 2 | 7 | 5 |
| 5 | QUANTA SERVICES | 352 | 7,632 | 311 | 2 | 4 | 1 | 10 | 4 |
| 6 | EMCOR GROUP | 381 | 6,723 | 172 | 5 | 3 | 3 | 12 | 3 |
| 7 | CH2M HILL | 478 | 5,362 | 80 | 6 | 2 | 6 | 20 | 1 |
| TOTAL | | | 76,927 | 1,375 | | | | | |
| MEDIAN | | | 8,992 | 251 | | 3 | | 10 | |

| INDUSTRY NO. RANK | 500 rank | REVENUES | PROFITS | PROFITS AS % OF... | | Stockholders' equity | | | |
|----------------------|----------------------------------|----------|----------------|--------------------|----------------|----------------------|--------|-----------|---|
| | | \$mil. | \$mil. Rank | Revenues % Rank | Profits % Rank | % Rank | % Rank | | |
| 18 | ENTERTAINMENT 8 COMPANIES | | | | | | | | |
| 1 | WALT DISNEY | 53 | 52,465 | 8,382 | 1 | 16 | 3 | 19 | 5 |
| 2 | TWENTY-FIRST CENTURY FOX | 96 | 28,987 | 8,306 | 2 | 29 | 1 | 48 | 2 |
| 3 | TIME WARNER | 99 | 28,118 | 3,833 | 3 | 14 | 5 | 16 | 6 |
| 4 | CBS | 203 | 13,886 | 1,413 | 5 | 10 | 6 | 25 | 3 |
| 5 | VIACOM | 213 | 13,268 | 1,922 | 4 | 14 | 4 | 54 | 1 |
| 6 | LIVE NATION ENTERTAINMENT | 366 | 7,246 | [33] | 7 | [0] | 7 | [3] | 7 |
| 7 | DISCOVERY COMMUNICATIONS | 406 | 6,394 | 1,034 | 6 | 16 | 2 | 19 | 4 |
| 8 | IHEARTMEDIA | 414 | 6,242 | [755] | 8 | [12] | 8 | - | |
| TOTAL | | | 156,605 | 24,103 | | | | | |
| MEDIAN | | | 13,577 | 1,668 | | 14 | | 19 | |

| INDUSTRY NO. RANK | 500 rank | REVENUES | PROFITS | PROFITS AS % OF... | | Stockholders' equity | | | |
|----------------------|--|----------|-------------|--------------------|----------------|----------------------|--------|-------|---|
| | | \$mil. | \$mil. Rank | Revenues % Rank | Profits % Rank | % Rank | % Rank | | |
| 19 | FINANCIAL DATA SERVICES 9 COMPANIES | | | | | | | | |
| 1 | VISA | 204 | 13,880 | 6,328 | 1 | 46 | 1 | 21 | 6 |
| 2 | FIRST DATA | 249 | 11,451 | [1,481] | 9 | [13] | 9 | [222] | 9 |
| 3 | MASTERCARD | 294 | 9,667 | 3,808 | 2 | 39 | 2 | 63 | 2 |

| INDUSTRY NO. RANK | 500 rank | REVENUES | PROFITS | PROFITS AS % OF... | | Stockholders' equity | | | |
|----------------------|---|----------|---------------|--------------------|----------------|----------------------|--------|-----------|---|
| | | \$mil. | \$mil. Rank | Revenues % Rank | Profits % Rank | % Rank | % Rank | | |
| 20 | FOOD AND DRUG STORES 7 COMPANIES | | | | | | | | |
| 4 | PAYPAL HOLDINGS | 307 | 9,248 | 1,228 | 3 | 13 | 6 | 9 | 7 |
| 5 | FIDELITY NATL. INFO. SVCS. | 392 | 6,595 | 632 | 7 | 10 | 7 | 7 | 8 |
| 6 | ALLIANCE DATA SYSTEMS | 404 | 6,440 | 597 | 8 | 9 | 8 | 30 | 4 |
| 7 | WESTERN UNION | 468 | 5,484 | 838 | 5 | 15 | 4 | 60 | 3 |
| 8 | S&P GLOBAL | 481 | 5,313 | 1,156 | 4 | 22 | 3 | 596 | 1 |
| 9 | FISERV | 492 | 5,254 | 712 | 6 | 14 | 5 | 27 | 5 |
| TOTAL | | | 73,332 | 13,817 | | | | | |
| MEDIAN | | | 6,595 | 838 | | 14 | | 27 | |

| INDUSTRY NO. RANK | 500 rank | REVENUES | PROFITS | PROFITS AS % OF... | | Stockholders' equity | | | |
|----------------------|--|----------|----------------|--------------------|----------------|----------------------|--------|-----------|---|
| | | \$mil. | \$mil. Rank | Revenues % Rank | Profits % Rank | % Rank | % Rank | | |
| 21 | FOOD CONSUMER PRODUCTS 12 COMPANIES | | | | | | | | |
| 1 | CVS HEALTH | 7 | 153,290 | 5,237 | 1 | 3 | 5 | 14 | 5 |
| 2 | KROGER | 17 | 109,830 | 2,039 | 4 | 2 | 6 | 30 | 2 |
| 3 | WALGREENS BOOTS ALLIANCE | 19 | 103,444 | 4,220 | 2 | 4 | 3 | 14 | 6 |
| 4 | PUBLIX | 87 | 32,619 | 1,965 | 5 | 6 | 2 | 16 | 3 |
| 5 | RITE AID | 107 | 26,528 | 2,109 | 3 | 8 | 1 | 3,697 | 1 |
| 6 | SUPERVALU | 160 | 17,820 | 192 | 7 | 1 | 7 | - | |
| 7 | WHOLE FOODS MARKET | 181 | 15,389 | 536 | 6 | 3 | 4 | 14 | 4 |
| TOTAL | | | 458,920 | 16,298 | | | | | |
| MEDIAN | | | 32,619 | 2,039 | | 3 | | 15 | |

| INDUSTRY NO. RANK | 500 rank | REVENUES | PROFITS | PROFITS AS % OF... | | Stockholders' equity | | | |
|----------------------|------------------------------------|----------|----------------|--------------------|----------------|----------------------|--------|-----------|----|
| | | \$mil. | \$mil. Rank | Revenues % Rank | Profits % Rank | % Rank | % Rank | | |
| 22 | FOOD PRODUCTION 6 COMPANIES | | | | | | | | |
| 1 | PEPSICO | 44 | 63,056 | 5,452 | 2 | 9 | 2 | 46 | 3 |
| 2 | MONDELEZ INTERNATIONAL | 94 | 29,636 | 7,267 | 1 | 25 | 1 | 26 | 5 |
| 3 | KRAFT HEINZ | 153 | 18,338 | 634 | 6 | 3 | 9 | 1 | 10 |
| 4 | GENERAL MILLS | 161 | 17,630 | 1,221 | 3 | 7 | 6 | 24 | 6 |
| 5 | CONAGRA FOODS | 176 | 15,849 | [253] | 12 | [2] | 12 | [6] | 12 |
| 6 | KELLOGG | 207 | 13,525 | 614 | 7 | 5 | 8 | 29 | 4 |
| 7 | LAND O'LAKES | 215 | 13,161 | 308 | 10 | 2 | 10 | 17 | 7 |
| 8 | HORMEL FOODS | 304 | 9,264 | 686 | 5 | 7 | 4 | 17 | 8 |
| 9 | DEAN FOODS | 336 | 8,122 | [9] | 11 | [0] | 11 | [2] | 11 |
| 10 | CAMPBELL SOUP | 337 | 8,082 | 691 | 4 | 9 | 3 | 50 | 2 |
| 11 | HERSHEY | 362 | 7,387 | 513 | 8 | 7 | 5 | 51 | 1 |
| 12 | J.M. SMUCKER | 452 | 5,693 | 345 | 9 | 6 | 7 | 5 | 9 |
| TOTAL | | | 209,742 | 17,470 | | | | | |
| MEDIAN | | | 13,343 | 624 | | 6 | | 21 | |

| INDUSTRY NO. RANK | 500 rank | REVENUES | PROFITS | PROFITS AS % OF... | | Stockholders' equity | | | |
|----------------------|----------------------------------|----------|----------------|--------------------|----------------|----------------------|--------|-----------|---|
| | | \$mil. | \$mil. Rank | Revenues % Rank | Profits % Rank | % Rank | % Rank | | |
| 23 | FOOD SERVICES 4 COMPANIES | | | | | | | | |
| 1 | ARCHER DANIELS MIDLAND | 41 | 67,702 | 1,849 | 1 | 3 | 4 | 10 | 3 |
| 2 | TYSON FOODS | 66 | 41,373 | 1,220 | 2 | 3 | 3 | 13 | 2 |
| 3 | CHS | 84 | 34,582 | 781 | 3 | 2 | 6 | 10 | 4 |
| 4 | LEUCADIA NATIONAL | 242 | 11,684 | 284 | 5 | 2 | 5 | 3 | 6 |
| 5 | INGREDION | 456 | 5,621 | 402 | 4 | 7 | 1 | 19 | 1 |
| 6 | SEABOARD | 460 | 5,594 | 171 | 6 | 3 | 2 | 6 | 5 |
| TOTAL | | | 166,556 | 4,707 | | | | | |
| MEDIAN | | | 23,133 | 592 | | 3 | | 10 | |

| INDUSTRY NO. RANK | 500 rank | REVENUES | PROFITS | PROFITS AS % OF... | | Stockholders' equity | | | |
|----------------------|----------------------------------|----------|---------------|--------------------|----------------|----------------------|--------|-----------|---|
| | | \$mil. | \$mil. Rank | Revenues % Rank | Profits % Rank | % Rank | % Rank | | |
| 24 | FOOD SERVICES 4 COMPANIES | | | | | | | | |
| 1 | MCDONALD'S | 109 | 25,413 | 4,529 | 1 | 18 | 1 | 64 | 2 |
| 2 | STARBUCKS | 146 | 19,163 | 2,757 | 2 | 14 | 2 | 47 | 3 |
| 3 | YUM BRANDS | 218 | 13,105 | 1,293 | 3 | 10 | 4 | 142 | 1 |
| 4 | DARDEN RESTAURANTS | 371 | 7,164 | 710 | 4 | 10 | 3 | 30 | 4 |
| TOTAL | | | 64,845 | 9,289 | | | | | |
| MEDIAN | | | 16,134 | 2,025 | | 12 | | 56 | |



**“ WHEELS UP LETS ME FLY EFFICIENTLY,
LAND CLOSER, AND MAKE IT HOME IN
TIME FOR A HEALTHY DINNER.”**

Name: Irwin Simon
Title: CEO, Hain Celestial Group, Inc.
Father, Husband, Entrepreneur
Aircraft: King Air 350i

WHEELS UP

1-855-FLY-8760
WHEELSUP.COM

The King Air 350i is the most efficient way to make every appointment, from my multiple Hain Plants to retailers to a night with the kids at home. It's the smartest way to balance my work schedule with my family life, while still watching my bottom line.

Wheels Up acts as an agent for the Wheels Up members, and is not the operator of the program aircraft; FAA licensed and DOT registered air carriers participating in the program exercise full operational control of the program aircraft. Subject to additional terms and conditions in the Wheels Up Program documents.

| INDUSTRY NO. RANK | 500 rank | REVENUES | PROFITS | PROFITS AS % OF... Revenues | Stock- holders' equity | % Rank |
|----------------------|--|----------|---------------|-----------------------------------|------------------------------|----------|
| | | \$ mil. | \$ mil. | | | |
| 24 | FOREST AND PAPER PRODUCTS 2 COMPANIES | | | | | |
| 1 | WEYERHAEUSER | 373 | 7,082 | 506 | 1 | 7 1 10 1 |
| 2 | DOMTAR | 489 | 5,264 | 142 | 2 | 3 2 5 2 |
| TOTAL | | | 12,346 | 648 | | |

| INDUSTRY NO. RANK | 500 rank | REVENUES | PROFITS | PROFITS AS % OF... Revenues | Stock- holders' equity | % Rank |
|----------------------|--|----------|----------------|-----------------------------------|------------------------------|--------------|
| | | \$ mil. | \$ mil. | | | |
| 25 | GENERAL MERCHANDISERS 9 COMPANIES | | | | | |
| 1 | WAL-MART STORES | 1 | 482,130 | 14,694 | 1 | 3 7 18 5 |
| 2 | TARGET | 38 | 73,785 | 3,363 | 2 | 5 2 26 2 |
| 3 | MACY'S | 103 | 27,079 | 1,072 | 4 | 4 5 25 3 |
| 4 | SEARS HOLDINGS | 111 | 25,146 | [1,129] | 9 | [4] 9 - |
| 5 | DOLLAR GENERAL | 139 | 20,369 | 1,165 | 3 | 6 1 22 4 |
| 6 | KOHL'S | 145 | 19,204 | 673 | 5 | 4 6 12 7 |
| 7 | NORDSTROM | 197 | 14,437 | 600 | 6 | 4 3 69 1 |
| 8 | J.C. PENNEY | 228 | 12,625 | [513] | 8 | [4] 8 [39] 8 |
| 9 | DILLARD'S | 380 | 6,755 | 269 | 7 | 4 4 15 6 |
| TOTAL | | | 681,529 | 20,194 | | |
| MEDIAN | | | 20,369 | 673 | 4 | 20 |

| INDUSTRY NO. RANK | 500 rank | REVENUES | PROFITS | PROFITS AS % OF... Revenues | Stock- holders' equity | % Rank |
|----------------------|--|----------|----------------|-----------------------------------|------------------------------|-----------|
| | | \$ mil. | \$ mil. | | | |
| 26 | HEALTH CARE: INSURANCE AND MANAGED CARE 9 COMPANIES | | | | | |
| 1 | UNITEDHEALTH GROUP | 6 | 157,107 | 5,813 | 1 | 4 3 17 2 |
| 2 | ANTHEM | 33 | 79,157 | 2,560 | 2 | 3 4 11 6 |
| 3 | AETNA | 46 | 60,337 | 2,390 | 3 | 4 2 15 4 |
| 4 | HUMANA | 52 | 54,289 | 1,276 | 5 | 2 5 12 5 |
| 5 | CIGNA | 79 | 37,876 | 2,094 | 4 | 6 1 17 1 |
| 6 | CENTENE | 124 | 22,795 | 355 | 6 | 2 6 16 3 |
| 7 | HEALTH NET | 172 | 16,244 | 186 | 7 | 1 7 10 7 |
| 8 | MOLINA HEALTHCARE | 201 | 14,178 | 143 | 8 | 1 8 9 8 |
| 9 | WELLCARE HEALTH PLANS | 202 | 13,890 | 119 | 9 | 1 9 7 9 |
| TOTAL | | | 455,872 | 14,935 | | |
| MEDIAN | | | 37,876 | 1,276 | 2 | 12 |

| INDUSTRY NO. RANK | 500 rank | REVENUES | PROFITS | PROFITS AS % OF... Revenues | Stock- holders' equity | % Rank |
|----------------------|--|----------|----------------|-----------------------------------|------------------------------|--------------|
| | | \$ mil. | \$ mil. | | | |
| 27 | HEALTH CARE: MEDICAL FACILITIES 8 COMPANIES | | | | | |
| 1 | HCA HOLDINGS | 63 | 43,591 | 2,129 | 1 | 5 2 - |
| 2 | COMMUNITY HEALTH SYSTEMS | 125 | 22,678 | 158 | 5 | 1 5 4 4 |
| 3 | TENET HEALTHCARE | 140 | 20,111 | [140] | 7 | [1] 6 [20] 6 |
| 4 | DAVITA HEALTHCARE PARTNERS | 200 | 14,210 | 270 | 3 | 2 4 6 3 |
| 5 | UNIVERSAL HEALTH SERVICES | 290 | 9,785 | 681 | 2 | 7 1 16 1 |
| 6 | KINDRED HEALTHCARE | 372 | 7,098 | [93] | 6 | [1] 7 [6] 5 |
| 7 | LIFEPOINT HEALTH | 430 | 6,014 | 182 | 4 | 3 3 8 2 |
| 8 | GENESIS HEALTHCARE | 457 | 5,619 | [426] | 8 | [8] 8 - |
| TOTAL | | | 129,106 | 2,760 | | |
| MEDIAN | | | 11,997 | 170 | 1 | 5 |

| INDUSTRY NO. RANK | 500 rank | REVENUES | PROFITS | PROFITS AS % OF... Revenues | Stock- holders' equity | % Rank |
|----------------------|---|----------|----------------|-----------------------------------|------------------------------|-----------|
| | | \$ mil. | \$ mil. | | | |
| 28 | HEALTH CARE: PHARMACY AND OTHER SERVICES 5 COMPANIES | | | | | |
| 1 | EXPRESS SCRIPTS HOLDING | 22 | 101,752 | 2,476 | 1 | 2 5 14 2 |
| 2 | LAB. CORP. OF AMERICA | 325 | 8,680 | 437 | 3 | 5 3 9 3 |
| 3 | QUEST DIAGNOSTICS | 358 | 7,493 | 709 | 2 | 9 1 15 1 |
| 4 | QUINTILES TRANSNATIONAL | 447 | 5,738 | 387 | 4 | 7 2 - |
| 5 | ENVISION HEALTHCARE HOLDINGS | 469 | 5,448 | 145 | 5 | 3 4 7 4 |
| TOTAL | | | 129,110 | 4,154 | | |
| MEDIAN | | | 7,493 | 437 | 5 | 12 |

| INDUSTRY NO. RANK | 500 rank | REVENUES | PROFITS | PROFITS AS % OF... Revenues | Stock- holders' equity | % Rank |
|----------------------|--|----------|---------------|-----------------------------------|------------------------------|-----------|
| | | \$ mil. | \$ mil. | | | |
| 29 | HOME EQUIPMENT, FURNISHINGS 5 COMPANIES | | | | | |
| 1 | STANLEY BLACK & DECKER | 256 | 11,211 | 884 | 1 | 8 1 15 2 |
| 2 | JARDEN | 328 | 8,604 | 147 | 5 | 2 5 4 4 |
| 3 | MOHAWK INDUSTRIES | 338 | 8,072 | 615 | 2 | 8 2 13 3 |
| 4 | MASCO | 345 | 7,904 | 355 | 3 | 4 4 - |
| 5 | NEWELL BRANDS | 434 | 5,972 | 350 | 4 | 6 3 19 1 |
| TOTAL | | | 41,763 | 2,351 | | |
| MEDIAN | | | 8,072 | 355 | 6 | 14 |

| INDUSTRY NO. RANK | 500 rank | REVENUES | PROFITS | PROFITS AS % OF... Revenues | Stock- holders' equity | % Rank |
|----------------------|---------------------------------|----------|---------------|-----------------------------------|------------------------------|-----------|
| | | \$ mil. | \$ mil. | | | |
| 30 | HOMEBUILDERS 4 COMPANIES | | | | | |
| 1 | D.R. HORTON | 260 | 10,824 | 751 | 2 | 7 4 13 3 |
| 2 | LENNAR | 301 | 9,474 | 803 | 1 | 8 1 14 2 |
| 3 | PULTEGROUP | 433 | 5,982 | 494 | 3 | 8 2 10 4 |
| 4 | NVR | 498 | 5,170 | 383 | 4 | 7 3 31 1 |
| TOTAL | | | 31,450 | 2,431 | | |
| MEDIAN | | | 7,728 | 622 | 8 | 13 |

| INDUSTRY NO. RANK | 500 rank | REVENUES | PROFITS | PROFITS AS % OF... Revenues | Stock- holders' equity | % Rank |
|----------------------|---|----------|---------------|-----------------------------------|------------------------------|-------------|
| | | \$ mil. | \$ mil. | | | |
| 31 | HOTELS, CASINOS, RESORTS 6 COMPANIES | | | | | |
| 1 | MARRIOTT INTERNATIONAL | 195 | 14,486 | 859 | 3 | 6 5 - |
| 2 | LAS VEGAS SANDS | 241 | 11,688 | 1,966 | 1 | 17 1 29 3 |
| 3 | HILTON WORLDWIDE HOLDINGS | 254 | 11,272 | 1,404 | 2 | 12 2 23 4 |
| 4 | MGM RESORTS INTERNATIONAL | 309 | 9,190 | [448] | 6 | [5] 6 [9] 5 |
| 5 | STARWOOD HOTELS & RESORTS | 444 | 5,763 | 489 | 5 | 8 4 38 2 |
| 6 | WYNDHAM WORLDWIDE | 466 | 5,536 | 612 | 4 | 11 3 64 1 |
| TOTAL | | | 57,936 | 4,883 | | |
| MEDIAN | | | 10,231 | 736 | 10 | 29 |

| INDUSTRY NO. RANK | 500 rank | REVENUES | PROFITS | PROFITS AS % OF... Revenues | Stock- holders' equity | % Rank |
|----------------------|--|----------|----------------|-----------------------------------|------------------------------|---------------|
| | | \$ mil. | \$ mil. | | | |
| 32 | HOUSEHOLD AND PERSONAL PRODUCTS 7 COMPANIES | | | | | |
| 1 | PROCTER & GAMBLE | 34 | 78,756 | 7,036 | 1 | 9 3 11 3 |
| 2 | KIMBERLY-CLARK | 151 | 18,591 | 1,013 | 4 | 5 5 - |
| 3 | COLGATE-PALMOLIVE | 174 | 16,034 | 1,384 | 2 | 9 4 - |
| 4 | ESTÉE LAUDER | 261 | 10,780 | 1,089 | 3 | 10 2 30 2 |
| 5 | AVON PRODUCTS | 370 | 7,173 | [1,149] | 7 | [16] 7 - |
| 6 | HRG GROUP | 441 | 5,816 | [557] | 6 | [10] 6 [95] 4 |
| 7 | CLOROX | 455 | 5,666 | 580 | 5 | 10 1 492 1 |
| TOTAL | | | 142,816 | 9,396 | | |
| MEDIAN | | | 10,780 | 1,013 | 9 | 21 |

| INDUSTRY NO. RANK | 500 rank | REVENUES | PROFITS | PROFITS AS % OF... Revenues | Stock- holders' equity | % Rank |
|----------------------|---|----------|----------------|-----------------------------------|------------------------------|-------------|
| | | \$ mil. | \$ mil. | | | |
| 33 | INDUSTRIAL MACHINERY 4 COMPANIES | | | | | |
| 1 | GENERAL ELECTRIC | 11 | 140,389 | [6,126] | 4 | [4] 4 [6] 4 |
| 2 | ILLINOIS TOOL WORKS | 211 | 13,405 | 1,899 | 1 | 14 1 36 1 |
| 3 | PARKER-HANNIFIN | 224 | 12,712 | 1,012 | 2 | 8 3 20 3 |
| 4 | DOVER | 377 | 7,029 | 870 | 3 | 12 2 24 2 |
| TOTAL | | | 173,535 | [2,345] | | |
| MEDIAN | | | 13,058 | 941 | 10 | 22 |

| INDUSTRY NO. RANK | 500 rank | REVENUES | PROFITS | PROFITS AS % OF... Revenues | Stock- holders' equity | % Rank |
|----------------------|--|----------|---------|-----------------------------------|------------------------------|-----------|
| | | \$ mil. | \$ mil. | | | |
| 34 | INFORMATION TECHNOLOGY SERVICES 6 COMPANIES | | | | | |
| 1 | INTERNATIONAL BUSINESS MACHINES | 31 | 82,461 | 13,190 | 1 | 16 1 92 2 |
| 2 | XEROX | 150 | 18,664 | 474 | 3 | 3 5 5 5 |
| 3 | COWI | 220 | 12,989 | 403 | 4 | 3 4 37 3 |
| 4 | COGNIZANT TECHNOLOGY | 230 | 12,416 | 1,624 | 2 | 13 2 18 4 |



“WITH WHEELS UP, LESS TIME ON THE GROUND MEANS MORE TIME ON THE GREENS.”

Name: Rickie Fowler
Title: Professional Golfer
Aircraft: Cessna Citation Excel/XLS

WHEELS UP

1-855-FLY-8760
WHEELSUP.COM

As a professional athlete, travel is a huge part of my life. The Cessna Citation Excel/XLS is spacious enough to bring friends along for the ride, and the King Air 350i can access shorter runways, bringing me closer to more remote tournaments. Wheels Up is the most efficient way to stick to my schedule and advance my career.

Wheels Up acts as an agent for the Wheels Up members, and is not the operator of the program aircraft; FAA licensed and DOT registered air carriers participating in the program exercise full operational control of the program aircraft. Subject to additional terms and conditions in the Wheels Up Program documents.

| INDUSTRY NO. RANK | 500 rank | REVENUES | PROFITS | PROFITS AS % OF... | | Stockholders' equity | | | |
|----------------------|--------------------|----------|----------------|--------------------|----------|----------------------|----------|------------|----------|
| | | \$mil. | \$mil. Rank | % Rank | % Rank | % Rank | % Rank | | |
| 5 | COMPUTER SCIENCES | 233 | 12,183 | [8] | 6 | [0] | 6 | [0] | 6 |
| 6 | BOOZALLEN HAMILTON | 487 | 5,275 | 233 | 5 | 4 | 3 | 125 | 1 |
| TOTAL | | | 143,987 | 15,915 | | | | | |
| MEDIAN | | | 12,702 | 439 | 4 | 4 | 3 | 125 | 1 |

35 INSURANCE: LIFE, HEALTH (MUTUAL) 7 COMPANIES

| | | | | | | | | | |
|---------------|---------------------------|-----|----------------|--------------|----------|----------|----------|----------|----------|
| 1 | NEW YORK LIFE INSURANCE | 61 | 45,891 | 257 | 7 | 1 | 7 | 1 | 7 |
| 2 | MASSACHUSETTS MUTUAL LIFE | 76 | 38,243 | 1,425 | 1 | 4 | 3 | 10 | 2 |
| 3 | TIAA* | 82 | 35,181 | 1,214 | 2 | 3 | 4 | 4 | 6 |
| 4 | NORTHWESTERN MUTUAL | 100 | 28,111 | 815 | 3 | 3 | 6 | 4 | 5 |
| 5 | GUARDIAN LIFE OF AMERICA | 226 | 12,628 | 411 | 6 | 3 | 5 | 7 | 4 |
| 6 | THRIVENT FINANCIAL* | 318 | 8,789 | 769 | 4 | 9 | 1 | 11 | 1 |
| 7 | WESTERN & SOUTHERN | 479 | 5,356 | 457 | 5 | 9 | 2 | 10 | 3 |
| TOTAL | | | 174,199 | 5,348 | | | | | |
| MEDIAN | | | 28,111 | 769 | 3 | 3 | 6 | 4 | 5 |

*See note 19, page F-24.

36 INSURANCE: LIFE, HEALTH (STOCK) 10 COMPANIES

| | | | | | | | | | |
|---------------|----------------------|-----|----------------|---------------|----------|----------|----------|----------|----------|
| 1 | METLIFE | 40 | 69,951 | 5,310 | 2 | 8 | 7 | 8 | 7 |
| 2 | PRUDENTIAL FINANCIAL | 50 | 57,119 | 5,642 | 1 | 10 | 3 | 13 | 2 |
| 3 | AFLAC | 135 | 20,872 | 2,533 | 3 | 12 | 1 | 14 | 1 |
| 4 | LINCOLN NATIONAL | 205 | 13,572 | 1,154 | 5 | 9 | 4 | 8 | 5 |
| 5 | PRINCIPAL FINANCIAL | 236 | 11,964 | 1,234 | 4 | 10 | 2 | 13 | 3 |
| 6 | UNUM GROUP | 265 | 10,731 | 867 | 6 | 8 | 5 | 10 | 4 |
| 7 | REINSURANCE GROUP | 271 | 10,418 | 502 | 8 | 5 | 8 | 8 | 6 |
| 8 | GENWORTH FINANCIAL | 306 | 9,249 | (615) | 10 | (7) | 10 | (5) | 10 |
| 9 | PACIFIC LIFE* | 326 | 8,642 | 661 | 7 | 8 | 6 | 7 | 8 |
| 10 | MUTUAL OF OMAHA* | 367 | 7,236 | 333 | 9 | 5 | 9 | 6 | 9 |
| TOTAL | | | 219,755 | 17,621 | | | | | |
| MEDIAN | | | 11,348 | 1,011 | 8 | 8 | 6 | 7 | 8 |

*See note 17, page F-24.

37 INSURANCE: PROPERTY AND CASUALTY (MUTUAL) 4 COMPANIES

| | | | | | | | | | |
|---------------|----------------------------|-----|----------------|--------------|----------|----------|----------|----------|----------|
| 1 | STATE FARM INSURANCE COS. | 35 | 75,697 | 6,229 | 1 | 8 | 2 | 8 | 2 |
| 2 | NATIONWIDE | 69 | 40,222 | 581 | 3 | 1 | 3 | 4 | 3 |
| 3 | FARMERS INSURANCE EXCHANGE | 227 | 12,626 | (114) | 4 | [1] | 4 | [3] | 4 |
| 4 | AUTO-OWNERS INSURANCE | 398 | 6,517 | 815 | 2 | 13 | 1 | 9 | 1 |
| TOTAL | | | 135,061 | 7,511 | | | | | |
| MEDIAN | | | 26,424 | 698 | 5 | 6 | 3 | 4 | 3 |

38 INSURANCE: PROPERTY AND CASUALTY (STOCK) 19 COMPANIES

| | | | | | | | | | |
|----|---------------------------------|-----|---------|--------|----|----|----|----|----|
| 1 | BERKSHIRE HATHAWAY | 4 | 210,821 | 24,083 | 1 | 11 | 3 | 9 | 10 |
| 2 | AMERICAN INTERNATIONAL GROUP | 49 | 58,327 | 2,196 | 4 | 4 | 15 | 2 | 17 |
| 3 | LIBERTY MUTUAL INSURANCE GROUP* | 73 | 39,450 | 514 | 12 | 1 | 19 | 3 | 16 |
| 4 | ALLSTATE | 81 | 35,653 | 2,171 | 5 | 6 | 10 | 11 | 5 |
| 5 | TRAVELERS COS. | 105 | 26,800 | 3,439 | 2 | 13 | 1 | 15 | 2 |
| 6 | UNITED SVCS. AUTO. ASSN.* | 114 | 24,361 | 2,272 | 3 | 9 | 5 | 8 | 12 |
| 7 | PROGRESSIVE | 137 | 20,854 | 1,268 | 7 | 6 | 11 | 17 | 1 |
| 8 | HARTFORD FINANCIAL SERVICES | 152 | 18,377 | 1,682 | 6 | 9 | 6 | 10 | 8 |
| 9 | LOEWS | 210 | 13,415 | 260 | 17 | 2 | 17 | 1 | 19 |
| 10 | ASSURANT | 275 | 10,325 | 142 | 19 | 1 | 18 | 3 | 15 |
| 11 | FIDELITY NATIONAL FINANCIAL | 311 | 9,132 | 527 | 11 | 6 | 12 | 9 | 11 |
| 12 | AMERICAN FAMILY INS. GROUP* | 332 | 8,286 | 694 | 8 | 8 | 7 | 9 | 9 |
| 13 | W.R. BERKLEY | 368 | 7,206 | 504 | 13 | 7 | 9 | 11 | 3 |
| 14 | ERIE INSURANCE GROUP** | 411 | 6,351 | 175 | 18 | 3 | 16 | 2 | 18 |
| 15 | AMERICAN FINANCIAL GROUP | 421 | 6,145 | 352 | 15 | 6 | 13 | 8 | 13 |
| 16 | OLD REPUBLIC INTL. | 442 | 5,766 | 422 | 14 | 7 | 8 | 11 | 4 |

| INDUSTRY NO. RANK | 500 rank | REVENUES | PROFITS | PROFITS AS % OF... | | Stockholders' equity | | | |
|----------------------|--------------------------|----------|----------------|--------------------|----------|----------------------|-----------|-----------|----------|
| | | \$mil. | \$mil. Rank | % Rank | % Rank | % Rank | % Rank | | |
| 17 | MARKEL | 476 | 5,370 | 583 | 10 | 11 | 4 | 7 | 14 |
| 18 | FIRST AMERICAN FINANCIAL | 497 | 5,175 | 288 | 16 | 6 | 14 | 10 | 6 |
| 19 | CINCINNATI FINANCIAL | 499 | 5,142 | 634 | 9 | 12 | 2 | 10 | 7 |
| TOTAL | | | 516,957 | 42,205 | | | | | |
| MEDIAN | | | 10,325 | 583 | 6 | 6 | 14 | 10 | 6 |

*See note 17, page F-24. **See note 51, page F-24.

39 INTERNET SERVICES AND RETAILING 7 COMPANIES

| | | | | | | | | | |
|---------------|---------------------|-----|----------------|---------------|-----------|-----------|----------|-----------|----------|
| 1 | AMAZON.COM | 18 | 107,006 | 596 | 7 | 1 | 7 | 4 | 7 |
| 2 | ALPHABET | 36 | 74,989 | 16,348 | 1 | 22 | 2 | 14 | 4 |
| 3 | FACEBOOK | 157 | 17,928 | 3,688 | 2 | 21 | 3 | 8 | 6 |
| 4 | LIBERTY INTERACTIVE | 284 | 9,989 | 869 | 5 | 9 | 6 | 13 | 5 |
| 5 | EBAY | 300 | 9,496 | 1,725 | 4 | 18 | 4 | 26 | 2 |
| 6 | PRICELINE GROUP | 308 | 9,224 | 2,551 | 3 | 28 | 1 | 29 | 1 |
| 7 | EXPEDIA | 385 | 6,672 | 764 | 6 | 11 | 5 | 16 | 3 |
| TOTAL | | | 235,304 | 26,542 | | | | | |
| MEDIAN | | | 9,989 | 1,725 | 18 | 18 | 4 | 26 | 2 |

40 MAIL, PACKAGE, AND FREIGHT DELIVERY 2 COMPANIES

| | | | | | | | | | |
|--------------|-----------------------|----|----------------|--------------|---|---|---|-----|---|
| 1 | UNITED PARCEL SERVICE | 48 | 58,363 | 4,844 | 1 | 8 | 1 | 196 | 1 |
| 2 | FEDEX | 58 | 47,453 | 1,050 | 2 | 2 | 2 | 7 | 2 |
| TOTAL | | | 105,816 | 5,894 | | | | | |

41 MEDICAL PRODUCTS AND EQUIPMENT 7 COMPANIES

| | | | | | | | | | |
|---------------|------------------------|-----|---------------|--------------|-----------|-----------|----------|-----------|----------|
| 1 | ABBOTT LABORATORIES | 138 | 20,661 | 4,423 | 1 | 21 | 1 | 21 | 2 |
| 2 | BECTON DICKINSON | 278 | 10,282 | 695 | 5 | 7 | 5 | 10 | 5 |
| 3 | BAXTER INTERNATIONAL | 286 | 9,968 | 968 | 3 | 10 | 4 | 11 | 4 |
| 4 | STRYKER | 287 | 9,946 | 1,439 | 2 | 14 | 3 | 17 | 3 |
| 5 | BOSTON SCIENTIFIC | 359 | 7,477 | (239) | 7 | (3) | 7 | (4) | 7 |
| 6 | ZIMMER BIOMET HOLDINGS | 431 | 5,988 | 147 | 6 | 2 | 6 | 1 | 6 |
| 7 | ST. JUDE MEDICAL | 465 | 5,541 | 880 | 4 | 16 | 2 | 22 | 1 |
| TOTAL | | | 69,873 | 8,313 | | | | | |
| MEDIAN | | | 9,946 | 880 | 10 | 10 | 4 | 11 | 4 |

42 METALS 7 COMPANIES

| | | | | | | | | | |
|---------------|---------------------------|-----|---------------|----------------|------------|------------|----------|------------|----------|
| 1 | ALCOA | 126 | 22,534 | (322) | 5 | [1] | 4 | [3] | 4 |
| 2 | NUCOR | 170 | 16,439 | 358 | 1 | 2 | 3 | 5 | 3 |
| 3 | UNITED STATES STEEL | 244 | 11,574 | (1,642) | 7 | [14] | 7 | [67] | 6 |
| 4 | RELIANCE STEEL & ALUMINUM | 303 | 9,351 | 312 | 2 | 3 | 1 | 8 | 2 |
| 5 | STEEL DYNAMICS | 356 | 7,594 | (130) | 4 | [2] | 5 | [8] | 5 |
| 6 | AK STEEL HOLDING | 383 | 6,693 | (509) | 6 | [8] | 6 | - | - |
| 7 | COMMERCIAL METALS | 417 | 6,162 | 142 | 3 | 2 | 2 | 11 | 1 |
| TOTAL | | | 80,347 | (1,793) | | | | | |
| MEDIAN | | | 9,351 | (130) | [1] | [1] | 4 | [3] | 4 |

43 MINING, CRUDE-OIL PRODUCTION 11 COMPANIES

| | | | | | | | | | |
|---|----------------------|-----|--------|----------|----|-------|----|-------|----|
| 1 | CONOCOPHILLIPS | 90 | 30,935 | (4,428) | 4 | [14] | 2 | [11] | 2 |
| 2 | FREEMONT-MCMORAN | 175 | 15,877 | (12,236) | 8 | [77] | 8 | [156] | 7 |
| 3 | DEVON ENERGY | 216 | 13,145 | (14,454) | 9 | [110] | 9 | [205] | 8 |
| 4 | CHESAPEAKE ENERGY | 223 | 12,764 | (14,685) | 10 | [115] | 10 | [687] | 10 |
| 5 | OCCIDENTAL PETROLEUM | 225 | 12,699 | (7,829) | 7 | [62] | 6 | [32] | 4 |
| 6 | EOG RESOURCES | 322 | 8,757 | (4,525) | 5 | [52] | 5 | [35] | 5 |
| 7 | ANADARKO PETROLEUM | 324 | 8,698 | (6,692) | 6 | [77] | 7 | [52] | 6 |
| 8 | NEWMONT MINING | 349 | 7,729 | 220 | 1 | 3 | 1 | 2 | 1 |
| 9 | APACHE | 388 | 6,654 | (23,119) | 11 | [347] | 11 | [901] | 11 |



“ THE WHEELS UP KING AIR 350i GETS ME FROM MY PRIZED CLIENTS TO WHAT I PRIZE MOST.”

Name: Stephen Astephen
Title: Managing Director, Wasserman
Aircraft: King Air 350i

WHEELS UP[™]

1-855-FLY-8760
WHEELSUP.COM

Wheels Up is a whole new generation of air travel. The King Air 350i is safer, quieter and more comfortable than ever before. The new mobile app makes it easy to book flights, and the onboard Wi-Fi helps me stay connected. Wheels Up helps me keep up with my action sports clients, but it also leaves me time for what really matters – my family.

Wheels Up acts as an agent for the Wheels Up members, and is not the operator of the program aircraft; FAA licensed and DOT registered air carriers participating in the program exercise full operational control of the program aircraft. Subject to additional terms and conditions in the Wheels Up Program documents.

| INDUSTRY NO. RANK | 500 rank | REVENUES | PROFITS | PROFITS AS % OF... | | Stockholders' equity | | | |
|----------------------|----------------|----------------|-----------------|--------------------|--------|----------------------|--------|-------|---|
| | | \$mil. | \$mil. Rank | % Rank | % Rank | % Rank | % Rank | | |
| 10 | MARATHON OIL | 438 | 5,861 | [2,204] | 3 | [38] | 4 | [12] | 3 |
| 11 | PEABODY ENERGY | 458 | 5,609 | [1,996] | 2 | [36] | 3 | [218] | 9 |
| TOTAL | | 128,729 | (91,948) | | | | | | |
| MEDIAN | | 8,757 | (6,692) | (62) | | (52) | | | |

| 44 MOTOR VEHICLES AND PARTS | | 13 COMPANIES | | | | | | | |
|-----------------------------|------------------------|----------------|---------------|----------|----|-----------|----|-----|----|
| 1 | GENERAL MOTORS | 8 | 152,356 | 9,687 | 1 | 6 | 4 | 24 | 5 |
| 2 | FORD MOTOR | 9 | 149,558 | 7,373 | 2 | 5 | 6 | 26 | 3 |
| 3 | JOHNSON CONTROLS | 70 | 40,204 | 1,563 | 5 | 4 | 8 | 15 | 9 |
| 4 | PACCAR | 147 | 19,115 | 1,604 | 4 | 8 | 2 | 23 | 6 |
| 5 | LEAR | 154 | 18,211 | 746 | 6 | 4 | 7 | 25 | 4 |
| 6 | GOODYEAR TIRE | 169 | 16,443 | 307 | 9 | 2 | 12 | 8 | 12 |
| 7 | NAVISTAR INTERNATIONAL | 281 | 10,140 | [184] | 13 | [2] | 13 | - | |
| 8 | AUTOLIV | 310 | 9,170 | 457 | 8 | 5 | 5 | 13 | 10 |
| 9 | TENNECO | 334 | 8,209 | 247 | 10 | 3 | 10 | 57 | 2 |
| 10 | BORGWARNER | 339 | 8,023 | 610 | 7 | 8 | 3 | 17 | 8 |
| 11 | OSHKOSH | 424 | 6,098 | 230 | 11 | 4 | 9 | 12 | 11 |
| 12 | DANA HOLDING | 428 | 6,060 | 159 | 12 | 3 | 11 | 22 | 7 |
| 13 | VISTEON | 470 | 5,444 | 2,284 | 3 | 42 | 1 | 216 | 1 |
| TOTAL | | 449,031 | 25,082 | | | | | | |
| MEDIAN | | 10,140 | 610 | 4 | | 22 | | | |

| 45 NETWORK AND OTHER COMMUNICATIONS EQUIPMENT | | 5 COMPANIES | | | | | | | |
|---|--------------------|---------------|---------------|-----------|---|-----------|---|----|---|
| 1 | CISCO SYSTEMS | 54 | 49,161 | 8,981 | 1 | 18 | 2 | 15 | 3 |
| 2 | QUALCOMM | 110 | 25,281 | 5,271 | 2 | 21 | 1 | 17 | 2 |
| 3 | CORNING | 313 | 9,111 | 1,339 | 3 | 15 | 3 | 7 | 4 |
| 4 | MOTOROLA SOLUTIONS | 451 | 5,695 | 610 | 5 | 11 | 5 | - | |
| 5 | AMPHENOL | 462 | 5,569 | 764 | 4 | 14 | 4 | 24 | 1 |
| TOTAL | | 94,817 | 16,965 | | | | | | |
| MEDIAN | | 9,111 | 1,339 | 15 | | 16 | | | |

| 46 OIL AND GAS EQUIPMENT, SERVICES | | 5 COMPANIES | | | | | | | |
|------------------------------------|------------------------|---------------|----------------|------------|---|------------|---|------|---|
| 1 | HALLIBURTON | 117 | 23,633 | (671) | 3 | [3] | 3 | (4) | 3 |
| 2 | BAKER HUGHES | 178 | 15,742 | [1,967] | 5 | [13] | 5 | [12] | 5 |
| 3 | NATIONAL OILWELL VARCO | 192 | 14,757 | [769] | 4 | [5] | 4 | [5] | 4 |
| 4 | CAMERON INTERNATIONAL | 319 | 8,782 | 501 | 1 | 6 | 2 | 11 | 2 |
| 5 | FMC TECHNOLOGIES | 410 | 6,363 | 393 | 2 | 6 | 1 | 16 | 1 |
| TOTAL | | 69,277 | (2,513) | | | | | | |
| MEDIAN | | 14,757 | (671) | (3) | | (4) | | | |

| 47 PACKAGING, CONTAINERS | | 8 COMPANIES | | | | | | | |
|--------------------------|----------------------------|---------------|--------------|----------|---|-----------|---|------|---|
| 1 | INTERNATIONAL PAPER | 127 | 22,365 | 938 | 1 | 4 | 6 | 24 | 5 |
| 2 | WESTROCK | 251 | 11,381 | 507 | 2 | 4 | 5 | 4 | 7 |
| 3 | CROWN HOLDINGS | 321 | 8,762 | 393 | 4 | 4 | 4 | 273 | 1 |
| 4 | BALL | 341 | 7,997 | 281 | 6 | 4 | 7 | 22 | 6 |
| 5 | SEALED AIR | 375 | 7,032 | 335 | 5 | 5 | 2 | 64 | 2 |
| 6 | OWENS-ILLINOIS | 418 | 6,156 | [74] | 8 | [1] | 8 | [16] | 8 |
| 7 | AVERY DENNISON | 435 | 5,967 | 274 | 7 | 5 | 3 | 28 | 3 |
| 8 | PACKAGING CORP. OF AMERICA | 446 | 5,742 | 437 | 3 | 8 | 1 | 27 | 4 |
| TOTAL | | 75,401 | 3,092 | | | | | | |
| MEDIAN | | 7,514 | 364 | 4 | | 25 | | | |

| INDUSTRY NO. RANK | 500 rank | REVENUES | PROFITS | PROFITS AS % OF... | | Stockholders' equity | | | |
|------------------------------|--------------------|---------------------|---------------|--------------------|--------|----------------------|--------|------|----|
| | | \$mil. | \$mil. Rank | % Rank | % Rank | % Rank | % Rank | | |
| 48 PETROLEUM REFINING | | 11 COMPANIES | | | | | | | |
| 1 | EXXON MOBIL | 2 | 246,204 | 16,150 | 1 | 7 | 1 | 9 | 7 |
| 2 | CHEVRON | 14 | 131,118 | 4,587 | 2 | 4 | 8 | 3 | 9 |
| 3 | PHILLIPS 66 | 30 | 87,169 | 4,227 | 3 | 5 | 5 | 18 | 5 |
| 4 | VALERO ENERGY | 32 | 81,824 | 3,990 | 4 | 5 | 4 | 19 | 4 |
| 5 | MARATHON PETROLEUM | 42 | 64,566 | 2,852 | 5 | 4 | 6 | 22 | 3 |
| 6 | TESORO | 98 | 28,150 | 1,540 | 6 | 5 | 3 | 30 | 2 |
| 7 | HOLLYFRONTIER | 214 | 13,238 | 740 | 7 | 6 | 2 | 14 | 6 |
| 8 | PBF ENERGY | 217 | 13,124 | 146 | 9 | 1 | 9 | 9 | 8 |
| 9 | WESTERN REFINING | 289 | 9,787 | 407 | 8 | 4 | 7 | 31 | 1 |
| 10 | HESS | 394 | 6,575 | [3,056] | 11 | [46] | 11 | [16] | 11 |
| 11 | DELEK US HOLDINGS | 445 | 5,762 | 19 | 10 | 0 | 10 | 2 | 10 |
| TOTAL | | 687,517 | 31,603 | | | | | | |
| MEDIAN | | 28,150 | 1,540 | 4 | | 14 | | | |

| 49 PHARMACEUTICALS | | 11 COMPANIES | | | | | | | |
|--------------------|----------------------|----------------|---------------|-----------|----|-----------|----|-----|----|
| 1 | JOHNSON & JOHNSON | 39 | 70,074 | 15,409 | 2 | 22 | 5 | 22 | 7 |
| 2 | PFIZER | 55 | 48,851 | 6,960 | 3 | 14 | 8 | 11 | 10 |
| 3 | MERCK | 72 | 39,498 | 4,442 | 6 | 11 | 10 | 10 | 11 |
| 4 | GILEAD SCIENCES | 86 | 32,639 | 18,108 | 1 | 55 | 1 | 98 | 2 |
| 5 | ABBVIE | 123 | 22,859 | 5,144 | 5 | 23 | 4 | 130 | 1 |
| 6 | AMGEN | 130 | 21,662 | 6,939 | 4 | 32 | 3 | 25 | 5 |
| 7 | ELI LILLY | 141 | 19,959 | 2,408 | 8 | 12 | 9 | 17 | 8 |
| 8 | BRISTOL-MYERS SQUIBB | 168 | 16,560 | 1,565 | 10 | 9 | 11 | 11 | 9 |
| 9 | BIAGEN | 263 | 10,764 | 3,547 | 7 | 33 | 2 | 38 | 3 |
| 10 | CELGENE | 305 | 9,256 | 1,602 | 9 | 17 | 6 | 27 | 4 |
| 11 | BAXALTA | 420 | 6,149 | 956 | 11 | 16 | 7 | 24 | 6 |
| TOTAL | | 298,271 | 67,080 | | | | | | |
| MEDIAN | | 21,662 | 4,442 | 17 | | 24 | | | |

| 50 PIPELINES | | 7 COMPANIES | | | | | | | |
|---------------|------------------------|----------------|--------------|----------|---|----------|---|----|---|
| 1 | ENERGY TRANSFER EQUITY | 65 | 42,126 | 1,189 | 2 | 3 | 4 | - | |
| 2 | ENTERPRISE PRODUCTS | 104 | 27,028 | 2,521 | 1 | 9 | 1 | 12 | 2 |
| 3 | PLAINS GP HOLDINGS | 121 | 23,152 | 118 | 6 | 1 | 7 | 7 | 3 |
| 4 | KINDER MORGAN | 198 | 14,403 | 253 | 3 | 2 | 5 | 1 | 6 |
| 5 | ONEOK | 348 | 7,763 | 245 | 4 | 3 | 3 | 73 | 1 |
| 6 | TARGA RESOURCES | 387 | 6,659 | 58 | 7 | 1 | 6 | 4 | 4 |
| 7 | SPECTRA ENERGY | 493 | 5,234 | 196 | 5 | 4 | 2 | 3 | 5 |
| TOTAL | | 126,365 | 4,580 | | | | | | |
| MEDIAN | | 14,403 | 245 | 3 | | 5 | | | |

| 51 PUBLISHING, PRINTING | | 2 COMPANIES | | | | | | | |
|-------------------------|-----------------------|---------------|----------|-------|---|-----|---|-----|---|
| 1 | R.R. DONNELLEY & SONS | 255 | 11,257 | 151 | 1 | 1 | 1 | 22 | 1 |
| 2 | NEWS CORP. | 327 | 8,633 | [147] | 2 | [2] | 2 | [1] | 2 |
| TOTAL | | 19,890 | 4 | | | | | | |

| 52 RAILROADS | | 3 COMPANIES | | | | | | | |
|--------------|------------------|---------------|--------------|-------|---|----|---|----|---|
| 1 | UNION PACIFIC | 129 | 21,813 | 4,772 | 1 | 22 | 1 | 23 | 1 |
| 2 | CSX | 239 | 11,811 | 1,968 | 2 | 17 | 2 | 17 | 2 |
| 3 | NORFOLK SOUTHERN | 270 | 10,511 | 1,556 | 3 | 15 | 3 | 13 | 3 |
| TOTAL | | 44,135 | 8,296 | | | | | | |

| INDUSTRY NO. RANK | 500rank | REVENUES | PROFITS | PROFITS AS % OF... | | Stockholders' equity | | | |
|----------------------|-----------------------|-------------|---------------|--------------------|-----------------|----------------------|--------|-----------|---|
| | | \$mil. | \$mil. | Revenues % Rank | Revenues % Rank | % Rank | % Rank | | |
| 53 | REAL ESTATE | 5 COMPANIES | | | | | | | |
| 1 | CBRE GROUP | 259 | 10,856 | 547 | 3 | 5 | 4 | 20 | 2 |
| 2 | JONES LANG LASALLE | 436 | 5,966 | 439 | 4 | 7 | 3 | 16 | 3 |
| 3 | REALOGY HOLDINGS | 449 | 5,706 | 184 | 5 | 3 | 5 | 8 | 5 |
| 4 | HOST HOTELS & RESORTS | 472 | 5,387 | 558 | 2 | 10 | 2 | 8 | 4 |
| 5 | SIMON PROPERTY GROUP | 488 | 5,266 | 1,828 | 1 | 35 | 1 | 41 | 1 |
| TOTAL | | | 33,181 | 3,556 | | | | | |
| MEDIAN | | | 5,706 | 547 | | 7 | | 16 | |

| INDUSTRY NO. RANK | 500rank | REVENUES | PROFITS | PROFITS AS % OF... | | Stockholders' equity | | | |
|----------------------|--|-------------|---------------|--------------------|-----------------|----------------------|--------|----|---|
| | | \$mil. | \$mil. | Revenues % Rank | Revenues % Rank | % Rank | % Rank | | |
| 54 | SCIENTIFIC, PHOTOGRAPHIC, AND CONTROL EQUIPMENT | 2 COMPANIES | | | | | | | |
| 1 | DANAHER | 133 | 20,909 | 3,357 | 1 | 16 | 1 | 14 | 1 |
| 2 | THERMO FISHER SCIENTIFIC | 164 | 16,965 | 1,975 | 2 | 12 | 2 | 9 | 2 |
| TOTAL | | | 37,874 | 5,333 | | | | | |

| INDUSTRY NO. RANK | 500rank | REVENUES | PROFITS | PROFITS AS % OF... | | Stockholders' equity | | | |
|----------------------|-------------------------|-------------|---------------|--------------------|-----------------|----------------------|--------|-----------|---|
| | | \$mil. | \$mil. | Revenues % Rank | Revenues % Rank | % Rank | % Rank | | |
| 55 | SECURITIES | 6 COMPANIES | | | | | | | |
| 1 | BLACKROCK | 250 | 11,401 | 3,345 | 1 | 29 | 1 | 12 | 3 |
| 2 | FRANKLIN RESOURCES | 344 | 7,949 | 2,035 | 2 | 26 | 2 | 17 | 2 |
| 3 | KKR | 347 | 7,786 | 488 | 6 | 6 | 6 | 9 | 6 |
| 4 | JONES FINANCIAL | 382 | 6,694 | 838 | 4 | 13 | 4 | 32 | 1 |
| 5 | CHARLES SCHWAB | 401 | 6,501 | 1,447 | 3 | 22 | 3 | 11 | 5 |
| 6 | RAYMOND JAMES FINANCIAL | 482 | 5,308 | 502 | 5 | 9 | 5 | 11 | 4 |
| TOTAL | | | 45,639 | 8,656 | | | | | |
| MEDIAN | | | 7,240 | 1,143 | | 17 | | 11 | |

| INDUSTRY NO. RANK | 500rank | REVENUES | PROFITS | PROFITS AS % OF... | | Stockholders' equity | | | |
|----------------------|---|-------------|----------------|--------------------|-----------------|----------------------|--------|-----------|---|
| | | \$mil. | \$mil. | Revenues % Rank | Revenues % Rank | % Rank | % Rank | | |
| 56 | SEMICONDUCTORS AND OTHER ELECTRONIC COMPONENTS | 9 COMPANIES | | | | | | | |
| 1 | INTEL | 51 | 55,355 | 11,420 | 1 | 21 | 2 | 19 | 4 |
| 2 | JABIL CIRCUIT | 158 | 17,914 | 284 | 9 | 2 | 9 | 12 | 7 |
| 3 | MICRON TECHNOLOGY | 173 | 16,192 | 2,899 | 3 | 18 | 3 | 24 | 3 |
| 4 | TEXAS INSTRUMENTS | 219 | 13,000 | 2,986 | 2 | 23 | 1 | 30 | 1 |
| 5 | APPLIED MATERIALS | 295 | 9,659 | 1,377 | 4 | 14 | 4 | 18 | 5 |
| 6 | BROADCOM | 331 | 8,394 | 978 | 5 | 12 | 6 | 10 | 8 |
| 7 | SANMINA | 408 | 6,375 | 377 | 8 | 6 | 8 | 25 | 2 |
| 8 | SANDISK | 464 | 5,565 | 388 | 7 | 7 | 7 | 7 | 9 |
| 9 | LAM RESEARCH | 491 | 5,259 | 656 | 6 | 12 | 5 | 13 | 6 |
| TOTAL | | | 137,713 | 21,365 | | | | | |
| MEDIAN | | | 9,659 | 978 | | 12 | | 18 | |

| INDUSTRY NO. RANK | 500rank | REVENUES | PROFITS | PROFITS AS % OF... | | Stockholders' equity | | | |
|----------------------|-------------------------------------|-------------|---------------|--------------------|-----------------|----------------------|--------|-----------|---|
| | | \$mil. | \$mil. | Revenues % Rank | Revenues % Rank | % Rank | % Rank | | |
| 57 | SPECIALTY RETAILERS: APPAREL | 6 COMPANIES | | | | | | | |
| 1 | TJX | 89 | 30,945 | 2,278 | 1 | 7 | 3 | 53 | 1 |
| 2 | GAP | 177 | 15,797 | 920 | 4 | 6 | 5 | 36 | 3 |
| 3 | L BRANDS | 234 | 12,154 | 1,253 | 2 | 10 | 1 | - | - |
| 4 | ROSS STORES | 237 | 11,940 | 1,021 | 3 | 9 | 2 | 41 | 2 |
| 5 | FOOT LOCKER | 361 | 7,412 | 541 | 5 | 7 | 4 | 21 | 4 |
| 6 | BURLINGTON STORES | 500 | 5,130 | 150 | 6 | 3 | 6 | - | - |
| TOTAL | | | 83,378 | 6,163 | | | | | |
| MEDIAN | | | 12,047 | 970 | | 7 | | 39 | |

| INDUSTRY NO. RANK | 500rank | REVENUES | PROFITS | PROFITS AS % OF... | | Stockholders' equity | | | |
|----------------------|-----------------------------------|--------------|---------|--------------------|-----------------|----------------------|--------|-----|---|
| | | \$mil. | \$mil. | Revenues % Rank | Revenues % Rank | % Rank | % Rank | | |
| 58 | SPECIALTY RETAILERS: OTHER | 22 COMPANIES | | | | | | | |
| 1 | COSTCO WHOLESALE | 15 | 116,199 | 2,377 | 3 | 2 | 13 | 22 | 6 |
| 2 | HOME DEPOT | 28 | 88,519 | 7,009 | 1 | 8 | 4 | 111 | 1 |
| 3 | LOWE'S | 47 | 59,074 | 2,546 | 2 | 4 | 8 | 33 | 4 |

| INDUSTRY NO. RANK | 500rank | REVENUES | PROFITS | PROFITS AS % OF... | | Stockholders' equity | | | |
|----------------------|--------------------------|----------|----------------|--------------------|-----------------|----------------------|--------|-----------|----|
| | | \$mil. | \$mil. | Revenues % Rank | Revenues % Rank | % Rank | % Rank | | |
| 4 | BEST BUY | 71 | 39,745 | 897 | 7 | 2 | 12 | 20 | 9 |
| 5 | STAPLES | 132 | 21,059 | 379 | 11 | 2 | 16 | 7 | 15 |
| 6 | DOLLAR TREE | 180 | 15,498 | 282 | 13 | 2 | 14 | 6 | 16 |
| 7 | OFFICE DEPOT | 196 | 14,485 | 8 | 21 | 0 | 21 | 1 | 20 |
| 8 | BED BATH & BEYOND | 238 | 11,881 | 957 | 5 | 8 | 3 | 35 | 3 |
| 9 | TOYS "R" US | 240 | 11,802 | (130) | 22 | (1) | 22 | - | - |
| 10 | MURPHY USA | 258 | 10,885 | 176 | 15 | 2 | 17 | 22 | 7 |
| 11 | AUTOZONE | 280 | 10,187 | 1,160 | 4 | 11 | 2 | - | - |
| 12 | ADVANCE AUTO PARTS | 293 | 9,737 | 473 | 8 | 5 | 6 | 19 | 12 |
| 13 | CST BRANDS | 299 | 9,499 | 149 | 16 | 2 | 18 | 16 | 14 |
| 14 | GAMESTOP | 302 | 9,364 | 403 | 10 | 4 | 9 | 19 | 11 |
| 15 | O'REILLY AUTOMOTIVE | 342 | 7,967 | 931 | 6 | 12 | 1 | 47 | 2 |
| 16 | DICK'S SPORTING GOODS | 365 | 7,271 | 330 | 12 | 5 | 7 | 18 | 13 |
| 17 | CASEY'S GENERAL STORES | 374 | 7,052 | 181 | 14 | 3 | 11 | 21 | 8 |
| 18 | NETFLIX | 379 | 6,780 | 123 | 18 | 2 | 15 | 6 | 17 |
| 19 | TRACTOR SUPPLY | 415 | 6,227 | 410 | 9 | 7 | 5 | 29 | 5 |
| 20 | BARNES & NOBLE | 427 | 6,069 | 37 | 19 | 1 | 19 | 3 | 19 |
| 21 | TRAVELCENTERS OF AMERICA | 439 | 5,851 | 28 | 20 | 0 | 20 | 5 | 18 |
| 22 | BIG LOTS | 495 | 5,191 | 143 | 17 | 3 | 10 | 20 | 10 |
| TOTAL | | | 480,342 | 18,870 | | | | | |
| MEDIAN | | | 9,962 | 355 | | 2 | | 20 | |

| INDUSTRY NO. RANK | 500rank | REVENUES | PROFITS | PROFITS AS % OF... | | Stockholders' equity | | | |
|----------------------|---------------------------|--------------|----------------|--------------------|-----------------|----------------------|--------|-----------|----|
| | | \$mil. | \$mil. | Revenues % Rank | Revenues % Rank | % Rank | % Rank | | |
| 59 | TELECOMMUNICATIONS | 12 COMPANIES | | | | | | | |
| 1 | AT&T | 10 | 146,801 | 13,345 | 2 | 9 | 4 | 11 | 6 |
| 2 | VERIZON COMMUNICATIONS | 13 | 131,620 | 17,879 | 1 | 14 | 2 | 109 | 1 |
| 3 | COMCAST | 37 | 74,510 | 8,163 | 3 | 11 | 3 | 16 | 5 |
| 4 | TIME WARNER CABLE | 116 | 23,697 | 1,844 | 5 | 8 | 5 | 21 | 4 |
| 5 | CENTURYLINK | 159 | 17,900 | 878 | 6 | 5 | 7 | 6 | 8 |
| 6 | DISH NETWORK | 187 | 15,069 | 747 | 7 | 5 | 6 | 27 | 3 |
| 7 | CHARTER COMMUNICATIONS | 292 | 9,754 | (271) | 12 | (3) | 11 | - | - |
| 8 | LEVEL 3 COMMUNICATIONS | 333 | 8,229 | 3,433 | 4 | 42 | 1 | 34 | 2 |
| 9 | CABLEVISION SYSTEMS | 399 | 6,510 | 175 | 9 | 3 | 9 | - | - |
| 10 | WINDSTREAM HOLDINGS | 443 | 5,765 | 27 | 10 | 0 | 10 | 9 | 7 |
| 11 | FRONTIER COMMUNICATIONS | 461 | 5,576 | (196) | 11 | (4) | 12 | (3) | 10 |
| 12 | TELEPHONE & DATA SYSTEMS | 496 | 5,176 | 219 | 8 | 4 | 8 | 5 | 9 |
| TOTAL | | | 450,607 | 46,244 | | | | | |
| MEDIAN | | | 12,411 | 813 | | 5 | | 13 | |

| INDUSTRY NO. RANK | 500rank | REVENUES | PROFITS | PROFITS AS % OF... | | Stockholders' equity | | | |
|----------------------|-----------------------|-------------|---------------|--------------------|-----------------|----------------------|--------|----|---|
| | | \$mil. | \$mil. | Revenues % Rank | Revenues % Rank | % Rank | % Rank | | |
| 60 | TEMPORARY HELP | 2 COMPANIES | | | | | | | |
| 1 | MANPOWERGROUP | 144 | 19,330 | 419 | 1 | 2 | 1 | 16 | 1 |
| 2 | KELLY SERVICES | 467 | 5,518 | 54 | 2 | 1 | 2 | 6 | 2 |
| TOTAL | | | 24,848 | 473 | | | | | |

| INDUSTRY NO. RANK | 500rank | REVENUES | PROFITS | PROFITS AS % OF... | | Stockholders' equity | | | |
|----------------------|-----------------------------|-------------|---------------|--------------------|-----------------|----------------------|--------|-----|---|
| | | \$mil. | \$mil. | Revenues % Rank | Revenues % Rank | % Rank | % Rank | | |
| 61 | TOBACCO | 3 COMPANIES | | | | | | | |
| 1 | PHILIP MORRIS INTERNATIONAL | 106 | 26,794 | 6,873 | 1 | 26 | 3 | - | - |
| 2 | ALTRIA GROUP | 149 | 18,854 | 5,241 | 2 | 28 | 2 | 182 | 1 |
| 3 | REYNOLDS AMERICAN | 266 | 10,675 | 3,253 | 3 | 30 | 1 | 18 | 2 |
| TOTAL | | | 56,323 | 15,367 | | | | | |

| INDUSTRY NO. RANK | 500rank | REVENUES | PROFITS | PROFITS AS % OF... | | Stockholders' equity | | | |
|----------------------|-------------------------------------|-------------|---------------|--------------------|-----------------|----------------------|--------|-----|---|
| | | \$mil. | \$mil. | Revenues % Rank | Revenues % Rank | % Rank | % Rank | | |
| 62 | TRANSPORTATION AND LOGISTICS | 3 COMPANIES | | | | | | | |
| 1 | C.H. ROBINSON WORLDWIDE | 208 | 13,476 | 510 | 1 | 4 | 2 | 44 | 1 |
| 2 | XPO LOGISTICS | 353 | 7,623 | (191) | 3 | (3) | 3 | (7) | 3 |
| 3 | EXPEDITORS INTL. OF WASH. | 390 | 6,617 | 457 | 2 | 7 | 1 | 27 | 2 |
| TOTAL | | | 27,716 | 776 | | | | | |

| INDUSTRY NO. RANK | 500 rank | REVENUES \$mil. | PROFITS \$mil. | Rank | PROFITS AS % OF... Revenues % Rank | Stock- holders' equity % Rank |
|----------------------|---|--------------------|-------------------|------|---|--|
| 63 | TRANSPORTATION EQUIPMENT 2 COMPANIES | | | | | |
| 1 | TRINITY INDUSTRIES | 407 | 6,393 | 797 | 1 | 12 2 22 2 |
| 2 | HARLEY-DAVIDSON | 432 | 5,995 | 752 | 2 | 13 1 41 1 |
| TOTAL | | 12,388 | 1,549 | | | |

| INDUSTRY NO. RANK | 500 rank | REVENUES \$mil. | PROFITS \$mil. | Rank | PROFITS AS % OF... Revenues % Rank | Stock- holders' equity % Rank |
|----------------------|--|--------------------|-------------------|------|---|--|
| 64 | TRUCKING, TRUCK LEASING 2 COMPANIES | | | | | |
| 1 | RYDER SYSTEM | 395 | 6,572 | 305 | 2 | 5 2 15 2 |
| 2 | J.B. HUNT TRANSPORT SVCS. | 416 | 6,188 | 427 | 1 | 7 1 33 1 |
| TOTAL | | 12,760 | 732 | | | |

| INDUSTRY NO. RANK | 500 rank | REVENUES \$mil. | PROFITS \$mil. | Rank | PROFITS AS % OF... Revenues % Rank | Stock- holders' equity % Rank |
|----------------------|---|--------------------|-------------------|----------|---|--|
| 65 | UTILITIES: GAS AND ELECTRIC 23 COMPANIES | | | | | |
| 1 | EXELON | 95 | 29,447 | 2,269 | 4 | 8 16 9 13 |
| 2 | DUKE ENERGY | 115 | 24,002 | 2,816 | 1 | 12 7 7 18 |
| 3 | SOUTHERN | 162 | 17,489 | 2,367 | 3 | 14 4 11 5 |
| 4 | NEXTERA ENERGY | 163 | 17,486 | 2,752 | 2 | 16 3 12 4 |
| 5 | AMERICAN ELECTRIC POWER | 165 | 16,900 | 2,047 | 5 | 12 6 11 6 |
| 6 | PG&E CORP. | 166 | 16,833 | 874 | 13 | 5 19 5 20 |
| 7 | FIRSTENERGY | 188 | 15,026 | 578 | 18 | 4 20 5 21 |
| 8 | AES | 190 | 14,963 | 306 | 20 | 2 21 10 8 |
| 9 | CONSOLIDATED EDISON | 229 | 12,554 | 1,193 | 9 | 10 11 9 10 |
| 10 | DOMINION RESOURCES | 243 | 11,683 | 1,899 | 6 | 16 1 15 1 |
| 11 | EDISON INTERNATIONAL | 246 | 11,524 | 1,020 | 10 | 9 14 9 12 |
| 12 | ENTERGY | 247 | 11,513 | [177] | 22 | [2] 22 [2] 22 |
| 13 | XCEL ENERGY | 257 | 11,024 | 984 | 11 | 9 12 9 9 |
| 14 | PUBLIC SVC. ENTERPRISE GROUP | 272 | 10,415 | 1,679 | 7 | 16 2 13 3 |
| 15 | DTE ENERGY | 274 | 10,337 | 727 | 14 | 7 17 8 15 |
| 16 | SEMPRA ENERGY | 279 | 10,231 | 1,349 | 8 | 13 5 11 7 |
| 17 | EVERSOURCE ENERGY | 343 | 7,955 | 878 | 12 | 11 8 8 14 |
| 18 | PPL | 350 | 7,669 | 682 | 15 | 9 13 7 19 |
| 19 | CENTERPOINT ENERGY | 363 | 7,386 | [692] | 23 | [9] 23 [20] 23 |
| 20 | CMS ENERGY | 403 | 6,456 | 523 | 19 | 8 15 13 2 |
| 21 | AMEREN | 425 | 6,098 | 630 | 17 | 10 10 9 11 |
| 22 | WEC ENERGY GROUP | 437 | 5,926 | 640 | 16 | 11 9 7 17 |
| 23 | NISOURCE | 483 | 5,308 | 287 | 21 | 5 18 7 16 |
| TOTAL | | 288,225 | 25,632 | | | |
| MEDIAN | | 11,513 | 878 | 9 | 9 | |

| INDUSTRY NO. RANK | 500 rank | REVENUES \$mil. | PROFITS \$mil. | Rank | PROFITS AS % OF... Revenues % Rank | Stock- holders' equity % Rank |
|----------------------|-------------------------------------|--------------------|-------------------|------|---|--|
| 66 | WASTE MANAGEMENT 2 COMPANIES | | | | | |
| 1 | WASTE MANAGEMENT | 221 | 12,961 | 753 | 1 | 6 2 14 1 |
| 2 | REPUBLIC SERVICES | 312 | 9,115 | 750 | 2 | 8 1 10 2 |
| TOTAL | | 22,076 | 1,503 | | | |

| INDUSTRY NO. RANK | 500 rank | REVENUES \$mil. | PROFITS \$mil. | Rank | PROFITS AS % OF... Revenues % Rank | Stock- holders' equity % Rank |
|----------------------|---|--------------------|-------------------|-------|---|--|
| 67 | WHOLESALEERS: DIVERSIFIED 13 COMPANIES | | | | | |
| 1 | WORLD FUEL SERVICES | 92 | 30,380 | 187 | 7 | 1 10 10 10 |
| 2 | NGL ENERGY PARTNERS | 167 | 16,802 | 17 | 13 | 0 13 1 13 |
| 3 | GENUINE PARTS | 183 | 15,280 | 706 | 3 | 5 5 22 4 |
| 4 | GLOBAL PARTNERS | 276 | 10,315 | 44 | 10 | 0 11 7 11 |
| 5 | W.W. GRAINGER | 285 | 9,973 | 769 | 2 | 8 2 34 2 |
| 6 | HD SUPPLY HOLDINGS | 320 | 8,779 | 1,472 | 1 | 17 1 198 1 |
| 7 | VERITIV | 323 | 8,718 | 27 | 12 | 0 12 5 12 |
| 8 | WESCO INTERNATIONAL | 357 | 7,518 | 211 | 6 | 3 6 12 8 |
| 9 | LKQ | 369 | 7,193 | 423 | 4 | 6 4 14 6 |

| INDUSTRY NO. RANK | 500 rank | REVENUES \$mil. | PROFITS \$mil. | Rank | PROFITS AS % OF... Revenues % Rank | Stock- holders' equity % Rank |
|----------------------|------------------------------|--------------------|-------------------|----------|---|--|
| 10 | ANIXTER INTERNATIONAL | | | | | |
| 391 | | 6,596 | 128 | 8 | 2 7 11 9 | |
| 11 | GRAYBAR ELECTRIC | | | | | |
| 423 | | 6,110 | 91 | 9 | 1 8 13 7 | |
| 12 | LANSING TRADE GROUP | | | | | |
| 463 | | 5,565 | 35 | 11 | 1 9 31 3 | |
| 13 | AIRGAS | | | | | |
| 484 | | 5,305 | 368 | 5 | 7 3 17 5 | |
| TOTAL | | 138,535 | 4,476 | | | |
| MEDIAN | | 8,718 | 187 | 2 | 13 | |

| INDUSTRY NO. RANK | 500 rank | REVENUES \$mil. | PROFITS \$mil. | Rank | PROFITS AS % OF... Revenues % Rank | Stock- holders' equity % Rank |
|----------------------|---|--------------------|-------------------|----------|---|--|
| 68 | WHOLESALEERS: ELECTRONICS AND OFFICE EQUIPMENT 7 COMPANIES | | | | | |
| 1 | INGRAM MICRO | 64 | 43,026 | 215 | 4 | 1 6 5 6 |
| 2 | AVNET | 102 | 27,925 | 572 | 1 | 2 2 12 2 |
| 3 | TECH DATA | 108 | 26,380 | 266 | 3 | 1 5 13 1 |
| 4 | ARROW ELECTRONICS | 119 | 23,282 | 498 | 2 | 2 1 12 3 |
| 5 | SYNNEX | 212 | 13,338 | 209 | 5 | 2 3 12 4 |
| 6 | INSIGHT ENTERPRISES | 474 | 5,373 | 76 | 6 | 1 4 11 5 |
| 7 | ESSENDANT | 477 | 5,363 | [44] | 7 | [1] 7 [6] 7 |
| TOTAL | | 144,687 | 1,791 | | | |
| MEDIAN | | 23,282 | 215 | 1 | 12 | |

| INDUSTRY NO. RANK | 500 rank | REVENUES \$mil. | PROFITS \$mil. | Rank | PROFITS AS % OF... Revenues % Rank | Stock- holders' equity % Rank |
|----------------------|---|--------------------|-------------------|----------|---|--|
| 69 | WHOLESALEERS: FOOD AND GROCERY 6 COMPANIES | | | | | |
| 1 | SYSCO | 57 | 48,681 | 687 | 1 | 1 2 13 1 |
| 2 | US FOODS HOLDING | 122 | 23,128 | 168 | 2 | 1 4 9 5 |
| 3 | PERFORMANCE FOOD GROUP | 185 | 15,270 | 57 | 5 | 0 6 11 2 |
| 4 | CORE-MARK HOLDING | 317 | 8,858 | 52 | 6 | 1 5 10 3 |
| 5 | UNITED NATURAL FOODS | 335 | 8,185 | 139 | 3 | 2 1 10 4 |
| 6 | SPARTANNASH | 351 | 7,652 | 63 | 4 | 1 3 8 6 |
| TOTAL | | 111,773 | 1,164 | | | |
| MEDIAN | | 12,064 | 101 | 1 | 10 | |

| INDUSTRY NO. RANK | 500 rank | REVENUES \$mil. | PROFITS \$mil. | Rank | PROFITS AS % OF... Revenues % Rank | Stock- holders' equity % Rank |
|----------------------|--|--------------------|-------------------|----------|---|--|
| 70 | WHOLESALEERS: HEALTH CARE 5 COMPANIES | | | | | |
| 1 | MCKESSON | 5 | 181,241 | 1,476 | 1 | 1 4 18 2 |
| 2 | AMERISOURCEBERGEN | 12 | 135,962 | [135] | 5 | [0] 5 [21] 5 |
| 3 | CARDINAL HEALTH | 21 | 102,531 | 1,215 | 2 | 1 2 19 1 |
| 4 | HENRY SCHEIN | 268 | 10,630 | 479 | 3 | 5 1 17 3 |
| 5 | OWENS & MINDR | 291 | 9,773 | 103 | 4 | 1 3 10 4 |
| TOTAL | | 440,136 | 3,139 | | | |
| MEDIAN | | 102,531 | 479 | 1 | 17 | |

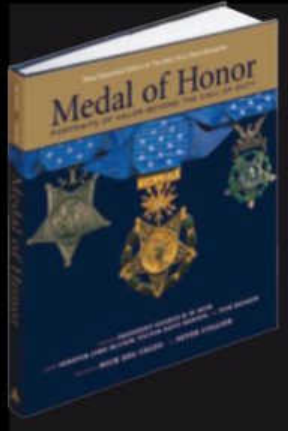
| INDUSTRY NO. RANK | 500 rank | REVENUES \$mil. | PROFITS \$mil. | Rank | PROFITS AS % OF... Revenues % Rank | Stock- holders' equity % Rank |
|----------------------|----------------------------------|--------------------|-------------------|-------|---|--|
| 71 | MISCELLANEOUS 6 COMPANIES | | | | | |
| 1 | 3M | 93 | 30,274 | 4,833 | 1 | 16 1 41 1 |
| 2 | UNIVAR | 315 | 8,982 | 17 | 5 | 0 5 2 6 |
| 3 | A-MARK PRECIOUS METALS | 426 | 6,070 | 7 | 6 | 0 6 13 4 |
| 4 | UNITED RENTALS | 440 | 5,817 | 585 | 2 | 10 2 40 2 |
| 5 | MATTEL | 450 | 5,703 | 369 | 3 | 6 3 14 3 |
| 6 | OWENS CORNING | 480 | 5,350 | 330 | 4 | 6 4 9 5 |
| TOTAL | | 62,196 | 6,141 | | | |



THE MEDAL OF HONOR

Created during the American Civil War and signed into law by President Abraham Lincoln, the Medal of Honor is bestowed on those in military service who display valor above and beyond the call of duty. Since the medal was created, there have been fewer than 3,500 Recipients.

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ONE HERO'S STORY

TIBOR RUBIN, CORPORAL US ARMY

On May 5, 1945, Rubin clung to life in Mauthausen. Among thousands of Jews in Hungary rounded up by the Nazis, as the U.S. Army liberated the camp, Rubin made a promise that if he could ever immigrate to the U.S. he would join the Army and become a "GI Joe".

Rubin came and fulfilled his dream by joining the U.S. Army in 1950. He was assigned to the 8th Cavalry Regiment and sent to Korea. On one of his first engagements, he stayed behind, covering his company on a nighttime redeployment. In the dark, he stocked empty foxholes and when the North Koreans attacked the next morning he ran from foxhole to foxhole firing his rifle and lobbing grenades. Rubin single handedly held the hill throughout the next day. On another occasion, when Chinese forces attacked his unit in a massive night assault, Rubin took over a .30-caliber machine gun, and continued to man it while his unit retreated, staying at his post until he ran out of ammunition, was injured, and ultimately captured. As a POW for the next two and a half years, Rubin employed everything he had learned surviving the Holocaust to keep himself and others alive, saving more than forty lives during his captivity.

Finally, after the cease-fire and his repatriation to America, Rubin received his long awaited U.S. Citizenship. He was awarded the Medal of Honor by President George W. Bush.

Rubin's story exemplifies the selfless sacrifice, courage, and humility of the Medal of Honor Recipients. They are true heroes.

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Tibor Rubin (1929 - 2015)
Corporal, U.S. Army, 8th Cavalry Regiment, 1st Cavalry Division

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MEDAL OF HONOR RECIPIENTS ESTABLISHED A FOUNDATION WITH A UNIQUE MISSION

The Congressional Medal of Honor Foundation was chartered by Recipients in 1999. The Foundation is a nonprofit organization dedicated to perpetuating the Medal of Honor's legacy through awareness, outreach, and education.

The Foundation strives through its programs and initiatives, and the personal contributions of the Recipients in communities across America, to promote the behaviors and values shared by servicemen and Recipients.

Today the number of living Medal of Honor Recipients is at its lowest point in history. And the Foundation faces a tough challenge, maintaining a heritage that is quickly vanishing.

While each of the Recipients is quick to point out that, since the Medal can only be received for war-time heroism, they hope that there will be no new Recipients, we as Americans are rapidly losing some of our greatest heroes and role models.

Read the stories of the Recipients in the book, "Medal of Honor: Portraits of Valor Beyond The Call of Duty" (2011). And living history videos can be found on the Foundation website. The Foundation is dedicated to preserving their memory and inspiring generations of Americans young and old. But more must be done.

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RECIPIENTS ENGAGE COMMUNITIES & EDUCATE THE YOUTH OF AMERICA

They do so through speaking in public, in schools and at private events and by recognizing fellow Americans (not in military service) who emulate the values they so strongly believe in with a citizen medal -- recognizing them for their personal acts of heroism and selfless sacrifice.

The 76 living Recipients of the Medal of Honor believe that the mark of a true hero is to have the moral courage to do what needs to be done because it is the right thing to do. They believe that every person can change fate by acting on their convictions with selflessness and courage. It is the mission of the Foundation to spread this message.

The Character Development Program was initiated by Medal of Honor Recipients specifically to take their message to the schools. This unique curriculum is available free from the Foundation. Stories of these great men are shared in the book, "Choosing Courage: Inspiring Stories of What It Means To Be a Hero" (2015).

The Citizen Honors Program is managed by the Foundation and receives nominations from across the country regarding acts of heroism. Medal of Honor Recipients consider all those who are nominated and ultimately select the few most deserving to bestow upon them the Citizen Honors Medal.

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OUR TRUE HEROES NEED HELP TO SPREAD THEIR MESSAGE

The Medal of Honor Foundation strives to reach the American public. Too many are unaware of the Medal of Honor and the values it *really* stands for.

Help is needed to increase their reach, so Recipients can touch more Americans and inspire the kind of selfless courageous acts that average people can take part in every day when extraordinary circumstances call for action.

Individuals can change fate. They can change America and change the world for the better. It's a powerful message and one that deserves our support.

For more information on supporting The Medal of Honor Foundation contact:

CMOHF
cmohf@cmohfoundation.org
+1-703-469-1861

To find out more about how your organization can become a corporate sponsor of the Medal of Honor advertising program contact:

moh@gwnewyork.com
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"Any nation that does not honor its heroes will not long endure."

Abraham Lincoln



GWA | GREGORY WELTEROTH
ADVERTISING



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RANKED WITHIN STATES

WITH 55 COMPANIES ON THIS YEAR'S 500 LIST, NEW YORK STANDS ALONE IN FIRST PLACE FOR THE SECOND STRAIGHT YEAR. TEXAS AND CALIFORNIA TIED FOR SECOND WITH 51 EACH.

500

| RANK | Company, Headquarters | 500 rank | REVENUES \$ millions | NO. OF EMPLOYEES |
|--------------------------|------------------------------|----------|----------------------|------------------|
| ALABAMA 1 COMPANY | | | | |
| 1 | REGIONS FINANCIAL Birmingham | 453 | 5,674.0 | 23,916 |
| TOTAL | | | 5,674.0 | 23,916 |

| RANK | Company, Headquarters | 500 rank | REVENUES \$ millions | NO. OF EMPLOYEES |
|----------------------------|---------------------------|----------|----------------------|------------------|
| ARIZONA 4 COMPANIES | | | | |
| 1 | AVNET Phoenix | 102 | 27,924.7 | 18,800 |
| 2 | FREEPORT-MCMORAN Phoenix | 175 | 15,877.0 | 34,500 |
| 3 | REPUBLIC SERVICES Phoenix | 312 | 9,115.0 | 33,000 |
| 4 | INSIGHT ENTERPRISES Tempe | 474 | 5,373.1 | 5,761 |
| TOTAL | | | 58,289.8 | 92,061 |

| RANK | Company, Headquarters | 500 rank | REVENUES \$ millions | NO. OF EMPLOYEES |
|-----------------------------|-------------------------------------|----------|----------------------|------------------|
| ARKANSAS 6 COMPANIES | | | | |
| 1 | WAL-MART STORES Bentonville | 1 | 482,130.0 | 2,300,000 |
| 2 | TYSON FOODS Springdale | 66 | 41,373.0 | 113,000 |
| 3 | MURPHY USA El Dorado | 258 | 10,885.3 | 7,100 |
| 4 | DILLARD'S Little Rock | 380 | 6,754.5 | 30,600 |
| 5 | J.B. HUNT TRANSPORT SERVICES Lowell | 416 | 6,187.6 | 21,562 |
| 6 | WINDSTREAM HOLDINGS Little Rock | 443 | 5,765.3 | 12,326 |
| TOTAL | | | 553,095.7 | 2,484,588 |

| RANK | Company, Headquarters | 500 rank | REVENUES \$ millions | NO. OF EMPLOYEES |
|--------------------------------|---|----------|----------------------|------------------|
| CALIFORNIA 51 COMPANIES | | | | |
| 1 | APPLE Cupertino | 3 | 233,715.0 | 110,000 |
| 2 | MCKESSON San Francisco | 5 | 181,241.0 | 70,400 |
| 3 | CHEVRON San Ramon | 14 | 131,118.0 | 61,500 |
| 4 | HP Palo Alto | 20 | 103,355.0 | 287,000 |
| 5 | WELLS FARGO San Francisco | 27 | 90,033.0 | 264,700 |
| 6 | ALPHABET Mountain View | 36 | 74,989.0 | 61,814 |
| 7 | INTEL Santa Clara | 51 | 55,355.0 | 107,300 |
| 8 | WALT DISNEY Burbank | 53 | 52,465.0 | 185,000 |
| 9 | CISCO SYSTEMS San Jose | 54 | 49,161.0 | 71,833 |
| 10 | INGRAM MICRO Irvine | 64 | 43,025.9 | 27,700 |
| 11 | DRACLE Redwood City | 77 | 38,226.0 | 132,000 |
| 12 | GILEAD SCIENCES Foster City | 86 | 32,639.0 | 8,000 |
| 13 | QUALCOMM San Diego | 110 | 25,281.0 | 33,000 |
| 14 | AMGEN Thousand Oaks | 130 | 21,662.0 | 17,900 |
| 15 | AECOM Los Angeles | 156 | 17,989.9 | 92,000 |
| 16 | FACEBOOK Menlo Park | 157 | 17,928.0 | 12,691 |
| 17 | PG&E CORP. San Francisco | 166 | 16,833.0 | 23,323 |
| 18 | HEALTH NET Woodland Hills | 172 | 16,243.6 | 8,584 |
| 19 | GAP San Francisco | 177 | 15,797.0 | 141,000 |
| 20 | WESTERN DIGITAL Irvine | 194 | 14,572.0 | 76,449 |
| 21 | MOLINA HEALTHCARE Long Beach | 201 | 14,178.0 | 21,000 |
| 22 | VISA Foster City | 204 | 13,880.0 | 11,300 |
| 23 | SYNNEX Fremont | 212 | 13,338.4 | 78,500 |
| 24 | FARMERS INSURANCE EXCHANGE Woodland Hills | 227 | 12,625.7 | 13,184 |

| RANK | Company, Headquarters | 500rank | REVENUES \$ millions | NO. OF EMPLOYEES |
|--------------|---|---------|-------------------------|---------------------|
| 25 | JACOBS ENGINEERING GROUP Pasadena | 235 | 12,114.8 | 56,950 |
| 26 | ROSS STORES Dublin | 237 | 11,940.0 | 77,800 |
| 27 | EDISON INTERNATIONAL Rosemead | 246 | 11,524.0 | 12,768 |
| 28 | CBRE GROUP Los Angeles | 259 | 10,855.8 | 70,000 |
| 29 | SEMPRA ENERGY San Diego | 279 | 10,231.0 | 17,387 |
| 30 | APPLIED MATERIALS Santa Clara | 295 | 9,659.0 | 15,050 |
| 31 | EBAY San Jose | 300 | 9,496.0 | 11,600 |
| 32 | RELIANCE STEEL & ALUMINUM Los Angeles | 303 | 9,350.5 | 13,400 |
| 33 | PAYPAL HOLDINGS San Jose | 307 | 9,248.0 | 16,800 |
| 34 | CORE-MARK HOLDING South San Francisco | 317 | 8,857.7 | 6,655 |
| 35 | PACIFIC LIFE Newport Beach | 326 | 8,642.0 | 3,276 |
| 36 | BROADCOM Irvine | 331 | 8,394.0 | 9,950 |
| 37 | FRANKLIN RESOURCES San Mateo | 344 | 7,948.7 | 9,489 |
| 38 | LIVE NATION ENTERTAINMENT Beverly Hills | 366 | 7,245.7 | 12,200 |
| 39 | NETFLIX Los Gatos | 379 | 6,779.5 | 3,700 |
| 40 | SALESFORCE.COM San Francisco | 386 | 6,667.2 | 19,742 |
| 41 | SYMANTEC Mountain View | 400 | 6,508.0 | 19,000 |
| 42 | CHARLES SCHWAB San Francisco | 401 | 6,501.0 | 15,300 |
| 43 | SANMINA San Jose | 408 | 6,374.5 | 38,910 |
| 44 | NETAPP Sunnyvale | 422 | 6,122.7 | 12,810 |
| 45 | A-MARK PRECIOUS METALS Santa Monica | 426 | 6,070.2 | 52 |
| 46 | AVERY DENNISON Glendale | 435 | 5,966.9 | 25,000 |
| 47 | MATTEL El Segundo | 450 | 5,702.6 | 31,000 |
| 48 | CLOROX Oakland | 455 | 5,666.0 | 7,700 |
| 49 | SANDISK Milpitas | 464 | 5,564.9 | 8,790 |
| 50 | LAM RESEARCH Fremont | 491 | 5,259.3 | 7,300 |
| 51 | FIRST AMERICAN FINANCIAL Santa Ana | 497 | 5,175.5 | 17,955 |
| TOTAL | | | 1,499,517.0 | 2,456,762 |

| COLORADO 10 COMPANIES | | | | |
|-----------------------|--|-----|------------------|----------------|
| 1 | ARROW ELECTRONICS Centennial | 119 | 23,282.0 | 18,500 |
| 2 | DISH NETWORK Englewood | 187 | 15,068.9 | 18,000 |
| 3 | DAVITA HEALTHCARE PARTNERS Denver | 200 | 14,209.7 | 60,400 |
| 4 | LIBERTY INTERACTIVE Englewood | 284 | 9,989.0 | 22,080 |
| 5 | LEVEL 3 COMMUNICATIONS Broomfield | 333 | 8,229.0 | 12,500 |
| 6 | BALL Broomfield | 341 | 7,997.0 | 15,200 |
| 7 | NEWMONT MINING Greenwood Village | 349 | 7,729.0 | 15,601 |
| 8 | WESTERN UNION Englewood | 468 | 5,483.7 | 10,000 |
| 9 | ENVISION HEALTHCARE HOLDINGS Greenwood Village | 469 | 5,447.9 | 40,888 |
| 10 | CH2M HILL Englewood | 478 | 5,361.5 | 22,000 |
| TOTAL | | | 102,797.7 | 235,169 |

| CONNECTICUT 19 COMPANIES | | | | |
|--------------------------|--|-----|-----------|---------|
| 1 | GENERAL ELECTRIC Fairfield | 11 | 140,389.0 | 333,000 |
| 2 | UNITED TECHNOLOGIES Farmington | 45 | 61,047.0 | 197,200 |
| 3 | AETNA Hartford | 46 | 60,336.5 | 50,100 |
| 4 | CIGNA Bloomfield | 79 | 37,876.0 | 39,300 |
| 5 | XEROX Norwalk | 150 | 18,664.0 | 143,600 |
| 6 | HARTFORD FINANCIAL SERVICES GROUP Hartford | 152 | 18,377.0 | 17,400 |
| 7 | STANLEY BLACK & DECKER New Britain | 256 | 11,211.2 | 51,250 |
| 8 | PRAXAIR Danbury | 262 | 10,776.0 | 26,657 |
| 9 | CHARTER COMMUNICATIONS Stamford | 292 | 9,754.0 | 23,800 |
| 10 | PRICELINE GROUP Norwalk | 308 | 9,224.0 | 15,500 |
| 11 | XPO LOGISTICS Greenwich | 353 | 7,623.2 | 89,000 |
| 12 | W.R. BERKLEY Greenwich | 368 | 7,206.5 | 7,621 |
| 13 | EMCOR GROUP Norwalk | 381 | 6,722.5 | 29,000 |
| 14 | TEREX Westport | 396 | 6,543.1 | 20,400 |
| 15 | HARMAN INTERNATIONAL INDUSTRIES Stamford | 419 | 6,155.3 | 24,197 |

| RANK | Company, Headquarters | 500rank | REVENUES \$ millions | NO. OF EMPLOYEES |
|--------------|------------------------------------|---------|-------------------------|---------------------|
| 16 | UNITED RENTALS Stamford | 440 | 5,817.0 | 12,700 |
| 17 | STARWOOD HOTELS & RESORTS Stamford | 444 | 5,763.0 | 188,000 |
| 18 | FRONTIER COMMUNICATIONS Norwalk | 461 | 5,576.0 | 19,200 |
| 19 | AMPHENOL Wallingford | 462 | 5,568.7 | 50,700 |
| TOTAL | | | 434,630.0 | 1,338,625 |

| DELAWARE 2 COMPANIES | | | | |
|----------------------|--------------------|-----|-----------------|---------------|
| 1 | DUPONT Wilmington | 101 | 27,940.0 | 52,000 |
| 2 | NAVIENT Wilmington | 494 | 5,197.0 | 7,300 |
| TOTAL | | | 33,137.0 | 59,300 |

| DISTRICT OF COLUMBIA 2 COMPANIES | | | | |
|----------------------------------|-----------------------|-----|------------------|---------------|
| 1 | FANNIE MAE Washington | 16 | 110,359.0 | 7,300 |
| 2 | DANAHER Washington | 133 | 20,908.8 | 81,000 |
| TOTAL | | | 131,267.8 | 88,300 |

| FLORIDA 17 COMPANIES | | | | |
|----------------------|---|-----|------------------|----------------|
| 1 | PUBLIX SUPER MARKETS Lakeland | 87 | 32,618.8 | 180,000 |
| 2 | WORLD FUEL SERVICES Miami | 92 | 30,379.7 | 4,700 |
| 3 | TECH DATA Clearwater | 108 | 26,379.8 | 9,000 |
| 4 | AUTONATION Fort Lauderdale | 136 | 20,862.0 | 26,000 |
| 5 | JABIL CIRCUIT St. Petersburg | 158 | 17,913.8 | 161,000 |
| 6 | NEXTERA ENERGY Juno Beach | 163 | 17,486.0 | 14,300 |
| 7 | OFFICE DEPOT Boca Raton | 196 | 14,485.0 | 49,000 |
| 8 | WELLCARE HEALTH PLANS Tampa | 202 | 13,890.2 | 6,900 |
| 9 | CSX Jacksonville | 239 | 11,811.0 | 29,761 |
| 10 | HERTZ GLOBAL HOLDINGS Estero | 269 | 10,535.0 | 30,000 |
| 11 | LENNAR Miami | 301 | 9,474.0 | 7,749 |
| 12 | FIDELITY NATIONAL FINANCIAL Jacksonville | 311 | 9,132.0 | 54,091 |
| 13 | JARDEN Boca Raton | 328 | 8,603.9 | 40,000 |
| 14 | DARDEN RESTAURANTS Orlando | 371 | 7,164.4 | 148,892 |
| 15 | FIDELITY NATIONAL INFO. SERVICES Jacksonville | 392 | 6,595.2 | 55,000 |
| 16 | RYDER SYSTEM Miami | 395 | 6,571.9 | 33,100 |
| 17 | RAYMOND JAMES FINANCIAL St. Petersburg | 482 | 5,308.2 | 11,000 |
| TOTAL | | | 249,210.9 | 860,493 |

| GEORGIA 18 COMPANIES | | | | |
|----------------------|--------------------------------|-----|------------------|------------------|
| 1 | HOME DEPOT Atlanta | 28 | 88,519.0 | 385,000 |
| 2 | UNITED PARCEL SERVICE Atlanta | 48 | 58,363.0 | 341,240 |
| 3 | COCA-COLA Atlanta | 62 | 44,294.0 | 123,200 |
| 4 | DELTA AIR LINES Atlanta | 68 | 40,704.0 | 82,949 |
| 5 | AFLAC Columbus | 135 | 20,872.0 | 9,915 |
| 6 | SOUTHERN Atlanta | 162 | 17,489.0 | 26,703 |
| 7 | GENUINE PARTS Atlanta | 183 | 15,280.0 | 39,600 |
| 8 | FIRST DATA Atlanta | 249 | 11,451.0 | 24,000 |
| 9 | HD SUPPLY HOLDINGS Atlanta | 320 | 8,779.0 | 14,000 |
| 10 | VERITIV Atlanta | 323 | 8,717.7 | 8,800 |
| 11 | SUNTRUST BANKS Atlanta | 329 | 8,533.0 | 24,043 |
| 12 | MOHAWK INDUSTRIES Calhoun | 338 | 8,071.6 | 34,100 |
| 13 | AGCO Duluth | 360 | 7,467.3 | 19,588 |
| 14 | ASBURY AUTOMOTIVE GROUP Duluth | 393 | 6,588.3 | 8,600 |
| 15 | COCA-COLA ENTERPRISES Atlanta | 397 | 6,540.0 | 11,500 |
| 16 | NCR Duluth | 409 | 6,373.0 | 32,600 |
| 17 | PULTEGROUP Atlanta | 433 | 5,982.0 | 4,542 |
| 18 | NEWELL BRANDS Atlanta | 434 | 5,972.2 | 17,200 |
| TOTAL | | | 369,996.1 | 1,207,580 |

| RANK | Company, Headquarters | 500rank | REVENUES \$ millions | NO. OF EMPLOYEES |
|------------------------|-------------------------|---------|-------------------------|---------------------|
| IDAHO 1 COMPANY | | | | |
| 1 | MICRON TECHNOLOGY Boise | 173 | 16,192.0 | 31,800 |
| TOTAL | | | 16,192.0 | 31,800 |

| ILLINOIS 36 COMPANIES | | | | |
|------------------------------|--|-----|------------------|------------------|
| 1 | WALGREENS BOOTS ALLIANCE Deerfield | 19 | 103,444.0 | 302,500 |
| 2 | BOEING Chicago | 24 | 96,114.0 | 161,400 |
| 3 | STATE FARM INSURANCE COS. Bloomington | 35 | 75,696.6 | 70,425 |
| 4 | ARCHER DANIELS MIDLAND Chicago | 41 | 67,702.0 | 32,300 |
| 5 | CATERPILLAR Peoria | 59 | 47,011.0 | 112,200 |
| 6 | UNITED CONTINENTAL HOLDINGS Chicago | 80 | 37,864.0 | 84,000 |
| 7 | ALLSTATE Northbrook | 81 | 35,653.0 | 41,350 |
| 8 | MONDELEZ INTERNATIONAL Deerfield | 94 | 29,636.0 | 99,000 |
| 9 | EXELON Chicago | 95 | 29,447.0 | 29,762 |
| 10 | DEERE Moline | 97 | 28,862.8 | 57,180 |
| 11 | MCDONALD'S Oak Brook | 109 | 25,413.0 | 420,000 |
| 12 | SEARS HOLDINGS Hoffman Estates | 111 | 25,146.0 | 178,000 |
| 13 | US FOODS HOLDING Rosemont | 122 | 23,127.5 | 25,000 |
| 14 | ABBVIE North Chicago | 123 | 22,859.0 | 28,000 |
| 15 | ABBOTT LABORATORIES Abbott Park | 138 | 20,661.0 | 74,000 |
| 16 | ILLINOIS TOOL WORKS Glenview | 211 | 13,405.0 | 48,000 |
| 17 | CDW Lincolnshire | 220 | 12,988.7 | 8,465 |
| 18 | R.R. DONNELLEY & SONS Chicago | 255 | 11,256.8 | 68,400 |
| 19 | NAVISTAR INTERNATIONAL Lisle | 281 | 10,140.0 | 13,800 |
| 20 | DISCOVER FINANCIAL SERVICES Riverwoods | 283 | 10,002.0 | 15,036 |
| 21 | W.W. GRAINGER Lake Forest | 285 | 9,973.4 | 25,100 |
| 22 | BAXTER INTERNATIONAL Deerfield | 286 | 9,968.0 | 49,400 |
| 23 | UNIVAR Downers Grove | 315 | 8,981.8 | 9,200 |
| 24 | TENNECO Lake Forest | 334 | 8,209.0 | 30,000 |
| 25 | LKQ Chicago | 369 | 7,192.6 | 31,100 |
| 26 | DOVER Downers Grove | 377 | 7,029.2 | 26,000 |
| 27 | ANIXTER INTERNATIONAL Glenview | 391 | 6,596.4 | 8,700 |
| 28 | BAXALTA Bannockburn | 420 | 6,149.0 | 17,000 |
| 29 | JONES LANG LASALLE Chicago | 436 | 5,965.7 | 61,500 |
| 30 | OLD REPUBLIC INTERNATIONAL Chicago | 442 | 5,766.1 | 8,200 |
| 31 | PACKAGING CORP. OF AMERICA Lake Forest | 446 | 5,741.7 | 13,000 |
| 32 | MOTOROLA SOLUTIONS Schaumburg | 451 | 5,695.0 | 14,000 |
| 33 | INGREDION Westchester | 456 | 5,620.5 | 11,500 |
| 34 | ARTHUR J. GALLAGHER Itasca | 471 | 5,392.4 | 21,537 |
| 35 | ESSENDANT Deerfield | 477 | 5,363.0 | 6,400 |
| 36 | TELEPHONE & DATA SYSTEMS Chicago | 496 | 5,176.2 | 10,400 |
| TOTAL | | | 835,249.4 | 2,211,855 |

| INDIANA 7 COMPANIES | | | | |
|----------------------------|-----------------------------------|-----|------------------|----------------|
| 1 | ANTHEM Indianapolis | 33 | 79,156.5 | 53,000 |
| 2 | ELI LILLY Indianapolis | 141 | 19,958.7 | 41,275 |
| 3 | CUMMINS Columbus | 148 | 19,110.0 | 55,200 |
| 4 | STEEL DYNAMICS Fort Wayne | 356 | 7,594.4 | 7,500 |
| 5 | ZIMMER BIOMET HOLDINGS Warsaw | 431 | 5,997.8 | 17,500 |
| 6 | NISOURCE Merrillville | 483 | 5,307.5 | 7,596 |
| 7 | SIMON PROPERTY GROUP Indianapolis | 488 | 5,266.1 | 4,075 |
| TOTAL | | | 142,391.0 | 186,146 |

| IOWA 3 COMPANIES | | | | |
|-------------------------|--------------------------------|-----|----------|--------|
| 1 | PRINCIPAL FINANCIAL Des Moines | 236 | 11,964.4 | 14,895 |
| 2 | CASEY'S GENERAL STORES Ankeny | 374 | 7,052.2 | 22,408 |

| RANK | Company, Headquarters | 500rank | REVENUES \$ millions | NO. OF EMPLOYEES |
|--------------|-------------------------------|---------|-------------------------|---------------------|
| 3 | ROCKWELL COLLINS Cedar Rapids | 490 | 5,262.0 | 19,500 |
| TOTAL | | | 24,278.6 | 56,803 |

| KANSAS 3 COMPANIES | | | | |
|---------------------------|-------------------------------------|-----|-----------------|---------------|
| 1 | SPIRIT AEROSYSTEMS HOLDINGS Wichita | 389 | 6,643.9 | 15,200 |
| 2 | SEABOARD Merriam | 460 | 5,594.0 | 10,772 |
| 3 | LANSING TRADE GROUP Overland Park | 463 | 5,565.3 | 500 |
| TOTAL | | | 17,803.2 | 26,472 |

| KENTUCKY 4 COMPANIES | | | | |
|-----------------------------|-------------------------------|-----|-----------------|----------------|
| 1 | HUMANA Louisville | 52 | 54,289.0 | 50,100 |
| 2 | YUM BRANDS Louisville | 218 | 13,105.0 | 505,000 |
| 3 | KINDRED HEALTHCARE Louisville | 372 | 7,098.1 | 77,800 |
| 4 | ASHLAND Covington | 472 | 5,387.0 | 10,500 |
| TOTAL | | | 79,879.1 | 643,400 |

| LOUISIANA 2 COMPANIES | | | | |
|------------------------------|--------------------|-----|-----------------|---------------|
| 1 | CENTURYLINK Monroe | 159 | 17,900.0 | 43,000 |
| 2 | ENERGY New Orleans | 247 | 11,513.3 | 13,579 |
| TOTAL | | | 29,413.3 | 56,579 |

| MARYLAND 4 COMPANIES | | | | |
|-----------------------------|--|-----|-----------------|----------------|
| 1 | LOCKHEED MARTIN Bethesda | 60 | 46,132.0 | 126,000 |
| 2 | MARRIOTT INTERNATIONAL Bethesda | 195 | 14,486.0 | 127,500 |
| 3 | DISCOVERY COMMUNICATIONS Silver Spring | 406 | 6,394.0 | 7,000 |
| 4 | HOST HOTELS & RESORTS Bethesda | 472 | 5,387.0 | 240 |
| TOTAL | | | 72,399.0 | 260,740 |

| MASSACHUSETTS 12 COMPANIES | | | | |
|-----------------------------------|---|-----|------------------|----------------|
| 1 | LIBERTY MUTUAL INSURANCE GROUP Boston | 73 | 39,450.0 | 50,000 |
| 2 | MASS. MUTUAL LIFE INSURANCE Springfield | 76 | 38,242.8 | 11,593 |
| 3 | TJX Framingham | 89 | 30,944.9 | 216,000 |
| 4 | EMC Hopkinton | 113 | 24,704.0 | 72,000 |
| 5 | RAYTHEON Waltham | 120 | 23,247.0 | 61,000 |
| 6 | STAPLES Framingham | 132 | 21,059.0 | 58,963 |
| 7 | THERMO FISHER SCIENTIFIC Waltham | 164 | 16,965.4 | 52,400 |
| 8 | BIOPEN Cambridge | 263 | 10,763.8 | 7,350 |
| 9 | STATE STREET CORP. Boston | 264 | 10,760.0 | 32,356 |
| 10 | GLOBAL PARTNERS Waltham | 276 | 10,314.9 | 1,890 |
| 11 | EVERSOURCE ENERGY Springfield | 343 | 7,954.8 | 7,943 |
| 12 | BOSTON SCIENTIFIC Marlborough | 359 | 7,477.0 | 25,000 |
| TOTAL | | | 241,883.6 | 596,495 |

| MICHIGAN 18 COMPANIES | | | | |
|------------------------------|--|-----|-----------|---------|
| 1 | GENERAL MOTORS Detroit | 8 | 152,356.0 | 215,000 |
| 2 | FORD MOTOR Dearborn | 9 | 149,558.0 | 199,000 |
| 3 | DOW CHEMICAL Midland | 56 | 48,778.0 | 49,495 |
| 4 | WHIRLPOOL Benton Harbor | 134 | 20,891.0 | 97,000 |
| 5 | PENSKO AUTOMOTIVE GROUP Bloomfield Hills | 143 | 19,360.7 | 23,000 |
| 6 | LEAR Southfield | 154 | 18,211.4 | 136,200 |
| 7 | KELLOGG Battle Creek | 207 | 13,525.0 | 33,577 |
| 8 | DTE ENERGY Detroit | 274 | 10,337.0 | 10,000 |
| 9 | STRYKER Kalamazoo | 287 | 9,946.0 | 27,000 |
| 10 | ALLY FINANCIAL Detroit | 298 | 9,539.0 | 7,100 |

| RANK | Company, Headquarters | 500rank | REVENUES \$ millions | NO. OF EMPLOYEES |
|--------------|-------------------------------|---------|----------------------|------------------|
| 11 | AUTOLIV Auburn Hills | 310 | 9,169.6 | 59,350 |
| 12 | BORGWARNER Auburn Hills | 339 | 8,023.2 | 30,000 |
| 13 | MASCO Taylor | 345 | 7,904.0 | 25,000 |
| 14 | SPARTANNASH Byron Center | 351 | 7,652.0 | 11,850 |
| 15 | AUTO-OWNERS INSURANCE Lansing | 398 | 6,517.1 | 4,483 |
| 16 | CMS ENERGY Jackson | 403 | 6,456.0 | 7,758 |
| 17 | KELLY SERVICES Troy | 467 | 5,518.2 | 8,100 |
| 18 | VISTEON Van Buren Township | 470 | 5,444.0 | 11,000 |
| TOTAL | | | 509,186.2 | 954,913 |

| MINNESOTA 17 COMPANIES | | | | |
|------------------------|--|---------|----------------------|------------------|
| RANK | Company, Headquarters | 500rank | REVENUES \$ millions | NO. OF EMPLOYEES |
| 1 | UNITEDHEALTH GROUP Minnetonka | 6 | 157,107.0 | 200,000 |
| 2 | TARGET Minneapolis | 38 | 73,785.0 | 341,000 |
| 3 | BEST BUY Richfield | 71 | 39,745.0 | 125,000 |
| 4 | CHS Inver Grove Heights | 84 | 34,582.4 | 12,511 |
| 5 | 3M St. Paul | 93 | 30,274.0 | 89,446 |
| 6 | U.S. BANCORP Minneapolis | 131 | 21,494.0 | 65,433 |
| 7 | SUPERVALU Eden Prairie | 160 | 17,820.0 | 38,500 |
| 8 | GENERAL MILLS Minneapolis | 161 | 17,630.3 | 42,000 |
| 9 | ECOLAB St. Paul | 206 | 13,545.1 | 47,145 |
| 10 | C.H. ROBINSON WORLDWIDE Eden Prairie | 208 | 13,476.1 | 13,159 |
| 11 | LAND O'LAKES Arden Hills | 215 | 13,160.9 | 10,000 |
| 12 | AMERIPRISE FINANCIAL Minneapolis | 232 | 12,200.0 | 13,000 |
| 13 | XCEL ENERGY Minneapolis | 257 | 11,024.5 | 11,644 |
| 14 | HORMEL FOODS Austin | 304 | 9,263.9 | 20,700 |
| 15 | MOAIC Plymouth | 316 | 8,895.3 | 8,900 |
| 16 | THRIVENT FINANCIAL FOR LUTHERANS Minneapolis | 318 | 8,789.3 | 3,104 |
| 17 | ST. JUDE MEDICAL St. Paul | 465 | 5,541.0 | 18,000 |
| TOTAL | | | 488,333.8 | 1,059,542 |

| MISSOURI 10 COMPANIES | | | | |
|-----------------------|---|---------|----------------------|------------------|
| RANK | Company, Headquarters | 500rank | REVENUES \$ millions | NO. OF EMPLOYEES |
| 1 | EXPRESS SCRIPTS HOLDING St. Louis | 22 | 101,751.8 | 25,900 |
| 2 | CENTENE St. Louis | 124 | 22,795.0 | 18,200 |
| 3 | EMERSON ELECTRIC St. Louis | 128 | 22,304.0 | 110,800 |
| 4 | MONSANTO St. Louis | 189 | 15,001.0 | 24,000 |
| 5 | REINSURANCE GROUP OF AMERICA Chesterfield | 271 | 10,418.2 | 2,201 |
| 6 | O'REILLY AUTOMOTIVE Springfield | 342 | 7,966.7 | 54,911 |
| 7 | JONES FINANCIAL Des Peres | 382 | 6,694.0 | 41,000 |
| 8 | GRAYBAR ELECTRIC St. Louis | 423 | 6,110.3 | 8,300 |
| 9 | AMEREN St. Louis | 425 | 6,098.0 | 8,527 |
| 10 | PEABODY ENERGY St. Louis | 458 | 5,609.2 | 7,600 |
| TOTAL | | | 204,748.2 | 301,439 |

| NEBRASKA 5 COMPANIES | | | | |
|----------------------|---------------------------------|---------|----------------------|------------------|
| RANK | Company, Headquarters | 500rank | REVENUES \$ millions | NO. OF EMPLOYEES |
| 1 | BERKSHIRE HATHAWAY Omaha | 4 | 210,821.0 | 331,000 |
| 2 | UNION PACIFIC Omaha | 129 | 21,813.0 | 47,457 |
| 3 | CONAGRA FOODS Omaha | 176 | 15,848.6 | 32,900 |
| 4 | PETER KIEWIT SONS' Omaha | 314 | 8,992.0 | 22,000 |
| 5 | MUTUAL OF OMAHA INSURANCE Omaha | 367 | 7,235.7 | 5,488 |
| TOTAL | | | 264,710.3 | 438,845 |

| NEVADA 2 COMPANIES | | | | |
|--------------------|-------------------------------------|---------|----------------------|------------------|
| RANK | Company, Headquarters | 500rank | REVENUES \$ millions | NO. OF EMPLOYEES |
| 1 | LAS VEGAS SANDS Las Vegas | 241 | 11,688.5 | 46,500 |
| 2 | MGM RESORTS INTERNATIONAL Las Vegas | 309 | 9,190.1 | 57,950 |
| TOTAL | | | 20,878.6 | 104,450 |

| NEW JERSEY 19 COMPANIES | | | | |
|-------------------------|--|---------|----------------------|------------------|
| RANK | Company, Headquarters | 500rank | REVENUES \$ millions | NO. OF EMPLOYEES |
| 1 | JOHNSON & JOHNSON New Brunswick | 39 | 70,074.0 | 127,100 |
| 2 | PRUDENTIAL FINANCIAL Newark | 50 | 57,119.0 | 49,384 |
| 3 | MERCK Kenilworth | 72 | 39,498.0 | 68,000 |
| 4 | HONEYWELL INTERNATIONAL Morris Plains | 75 | 38,581.0 | 129,000 |
| 5 | NRG ENERGY Princeton | 193 | 14,674.0 | 10,468 |
| 6 | PBF ENERGY Parsippany | 217 | 13,123.9 | 2,270 |
| 7 | COGNIZANT TECHNOLOGY SOLUTIONS Teaneck | 230 | 12,416.0 | 221,700 |
| 8 | BED BATH & BEYOND Union | 238 | 11,881.2 | 60,000 |
| 9 | TOYS "R" US Wayne | 240 | 11,802.0 | 62,000 |
| 10 | AUTOMATIC DATA PROCESSING Roseland | 248 | 11,477.3 | 55,000 |
| 11 | PUBLIC SERVICE ENTERPRISE GROUP Newark | 272 | 10,415.0 | 13,025 |
| 12 | BECTON DICKINSON Franklin Lakes | 278 | 10,282.0 | 49,517 |
| 13 | CELGENE Summit | 305 | 9,256.0 | 6,971 |
| 14 | AVIS BUDGET GROUP Parsippany | 330 | 8,502.0 | 26,350 |
| 15 | CAMPBELL SOUP Camden | 337 | 8,082.0 | 18,600 |
| 16 | QUEST DIAGNOSTICS Madison | 358 | 7,493.0 | 44,000 |
| 17 | REALOLOGY HOLDINGS Madison | 449 | 5,706.0 | 11,400 |
| 18 | WYNDHAM WORLDWIDE Parsippany | 466 | 5,536.0 | 37,700 |
| 19 | BURLINGTON STORES Burlington | 500 | 5,129.8 | 37,500 |
| TOTAL | | | 351,048.2 | 1,029,985 |

| NEW YORK 55 COMPANIES | | | | |
|-----------------------|--|---------|----------------------|------------------|
| RANK | Company, Headquarters | 500rank | REVENUES \$ millions | NO. OF EMPLOYEES |
| 1 | VERIZON COMMUNICATIONS New York | 13 | 131,620.0 | 177,700 |
| 2 | JPMORGAN CHASE & CO. New York | 23 | 101,006.0 | 234,598 |
| 3 | CITIGROUP New York | 29 | 88,275.0 | 231,000 |
| 4 | INTERNATIONAL BUSINESS MACHINES Armonk | 31 | 82,461.0 | 411,798 |
| 5 | METLIFE New York | 40 | 69,951.0 | 69,000 |
| 6 | PEPSICO Purchase | 44 | 63,056.0 | 263,000 |
| 7 | AMERICAN INTERNATIONAL GROUP New York | 49 | 58,327.0 | 66,400 |
| 8 | PFIZER New York | 55 | 48,851.0 | 97,900 |
| 9 | NEW YORK LIFE INSURANCE New York | 61 | 45,890.6 | 11,463 |
| 10 | GOLDMAN SACHS GROUP New York | 74 | 39,208.0 | 36,800 |
| 11 | MORGAN STANLEY New York | 78 | 37,897.0 | 56,218 |
| 12 | TIAA New York | 82 | 35,181.3 | 12,735 |
| 13 | INTLFCSTONE New York | 83 | 34,693.2 | 1,231 |
| 14 | AMERICAN EXPRESS New York | 85 | 34,441.0 | 54,800 |
| 15 | TWENTY-FIRST CENTURY FOX New York | 96 | 28,987.0 | 20,500 |
| 16 | TIME WARNER New York | 99 | 28,118.0 | 24,800 |
| 17 | TRAVELERS COS. New York | 105 | 26,800.0 | 30,900 |
| 18 | PHILIP MORRIS INTERNATIONAL New York | 106 | 26,794.0 | 80,200 |
| 19 | TIME WARNER CABLE New York | 116 | 23,697.0 | 56,430 |
| 20 | ALCOA New York | 126 | 22,534.0 | 60,000 |
| 21 | BRISTOL-MYERS SQUIBB New York | 168 | 16,560.0 | 25,000 |
| 22 | COLGATE-PALMOLIVE New York | 174 | 16,034.0 | 37,900 |
| 23 | BANK OF NEW YORK MELLON CORP. New York | 179 | 15,523.0 | 51,200 |
| 24 | ICAHN ENTERPRISES New York | 184 | 15,272.0 | 73,807 |
| 25 | OMNICOM GROUP New York | 186 | 15,134.4 | 74,900 |
| 26 | CBS New York | 203 | 13,886.0 | 19,080 |
| 27 | LOEWS New York | 210 | 13,415.0 | 16,700 |
| 28 | VIACOM New York | 213 | 13,268.0 | 9,445 |
| 29 | MARSH & MCLENNAN New York | 222 | 12,893.0 | 60,000 |
| 30 | GUARDIAN LIFE INS. CO. OF AMERICA New York | 226 | 12,628.1 | 8,000 |
| 31 | CONSOLIDATED EDISON New York | 229 | 12,554.0 | 14,806 |
| 32 | LEUCADIA NATIONAL New York | 242 | 11,683.9 | 13,300 |
| 33 | L-3 COMMUNICATIONS New York | 245 | 11,554.0 | 38,000 |
| 34 | BLACKROCK New York | 250 | 11,401.0 | 13,000 |
| 35 | VOYA FINANCIAL New York | 252 | 11,341.2 | 7,000 |
| 36 | ESTÉE LAUDER New York | 261 | 10,780.4 | 44,000 |

| RANK | Company, Headquarters | 500rank | REVENUES \$ millions | NO. OF EMPLOYEES |
|--------------|---|---------|-------------------------|---------------------|
| 37 | HENRYSCHEIN <i>Melville</i> | 268 | 10,629.7 | 19,000 |
| 38 | ASSURANT <i>New York</i> | 275 | 10,325.5 | 14,861 |
| 39 | MASTERCARD <i>Purchase</i> | 294 | 9,667.0 | 11,300 |
| 40 | CORNING <i>Corning</i> | 313 | 9,111.0 | 35,700 |
| 41 | NEWS CORP. <i>New York</i> | 327 | 8,633.0 | 25,000 |
| 42 | PVH <i>New York</i> | 340 | 8,020.3 | 26,200 |
| 43 | KKR <i>New York</i> | 347 | 7,786.1 | 1,196 |
| 44 | RALPH LAUREN <i>New York</i> | 354 | 7,620.0 | 20,000 |
| 45 | INTERPUBLIC GROUP <i>New York</i> | 355 | 7,613.8 | 49,200 |
| 46 | FOOT LOCKER <i>New York</i> | 361 | 7,412.0 | 30,985 |
| 47 | AVON PRODUCTS <i>New York</i> | 370 | 7,173.0 | 30,900 |
| 48 | HESS <i>New York</i> | 394 | 6,575.0 | 2,770 |
| 49 | CABLEVISION SYSTEMS <i>Bethpage</i> | 399 | 6,509.7 | 13,549 |
| 50 | JETBLUE AIRWAYS <i>Long Island City</i> | 405 | 6,416.0 | 14,537 |
| 51 | BARNES & NOBLE <i>New York</i> | 427 | 6,069.5 | 37,000 |
| 52 | CONSTELLATION BRANDS <i>Victor</i> | 429 | 6,028.0 | 7,200 |
| 53 | HRG GROUP <i>New York</i> | 441 | 5,815.9 | 15,922 |
| 54 | SGP GLOBAL <i>New York</i> | 481 | 5,313.0 | 20,400 |
| 55 | ABM INDUSTRIES <i>New York</i> | 485 | 5,290.5 | 120,000 |
| TOTAL | | | 1,383,725.1 | 2,999,331 |

| NORTH CAROLINA 12 COMPANIES | | | | |
|-----------------------------|--|-----|------------------|----------------|
| 1 | BANK OF AMERICA CORP. <i>Charlotte</i> | 26 | 93,056.0 | 213,280 |
| 2 | LOWE'S <i>Mooresville</i> | 47 | 59,074.0 | 225,000 |
| 3 | DUKE ENERGY <i>Charlotte</i> | 115 | 24,002.0 | 29,188 |
| 4 | NUCOR <i>Charlotte</i> | 170 | 16,439.3 | 23,700 |
| 5 | VF <i>Greensboro</i> | 231 | 12,376.7 | 64,000 |
| 6 | REYNOLDS AMERICAN <i>Winston-Salem</i> | 266 | 10,675.0 | 5,650 |
| 7 | BB&T CORP. <i>Winston-Salem</i> | 273 | 10,346.0 | 37,200 |
| 8 | SONIC AUTOMOTIVE <i>Charlotte</i> | 297 | 9,624.3 | 9,800 |
| 9 | LABORATORY CORP. OF AMERICA <i>Burlington</i> | 325 | 8,680.1 | 50,000 |
| 10 | SEALED AIR <i>Charlotte</i> | 375 | 7,031.5 | 23,000 |
| 11 | QUINTILES TRANSNATIONAL HOLDINGS <i>Durham</i> | 447 | 5,737.6 | 36,100 |
| 12 | HANES BRANDS <i>Winston-Salem</i> | 448 | 5,731.5 | 65,300 |
| TOTAL | | | 262,774.0 | 782,218 |

| OHIO 24 COMPANIES | | | | |
|-------------------|--|-----|-----------|---------|
| 1 | KROGER <i>Cincinnati</i> | 17 | 109,830.0 | 431,000 |
| 2 | CARDINAL HEALTH <i>Dublin</i> | 21 | 102,531.0 | 34,500 |
| 3 | PROCTER & GAMBLE <i>Cincinnati</i> | 34 | 78,756.0 | 110,000 |
| 4 | MARATHON PETROLEUM <i>Findlay</i> | 42 | 64,566.0 | 45,440 |
| 5 | NATIONWIDE <i>Columbus</i> | 69 | 40,221.8 | 34,032 |
| 6 | MACY'S <i>Cincinnati</i> | 103 | 27,079.0 | 157,500 |
| 7 | PROGRESSIVE <i>Mayfield Village</i> | 137 | 20,853.8 | 28,580 |
| 8 | AMERICAN ELECTRIC POWER <i>Columbus</i> | 165 | 16,900.3 | 17,405 |
| 9 | GOODYEAR TIRE & RUBBER <i>Akron</i> | 169 | 16,443.0 | 66,000 |
| 10 | FIRSTENERGY <i>Akron</i> | 188 | 15,026.0 | 15,781 |
| 11 | PARKER-HANNIFIN <i>Cleveland</i> | 224 | 12,711.7 | 54,750 |
| 12 | L BRANDS <i>Columbus</i> | 234 | 12,153.8 | 55,400 |
| 13 | SHERWIN-WILLIAMS <i>Cleveland</i> | 253 | 11,339.3 | 40,706 |
| 14 | FIFTH THIRD BANCORP <i>Cincinnati</i> | 376 | 7,031.0 | 18,261 |
| 15 | AK STEEL HOLDING <i>West Chester</i> | 383 | 6,692.9 | 8,500 |
| 16 | OWENS-ILLINOIS <i>Perrysburg</i> | 418 | 6,156.0 | 27,000 |
| 17 | AMERICAN FINANCIAL GROUP <i>Cincinnati</i> | 421 | 6,145.0 | 7,400 |
| 18 | DANA HOLDING <i>Maumee</i> | 428 | 6,060.0 | 23,100 |
| 19 | TRAVELCENTERS OF AMERICA <i>Westlake</i> | 439 | 5,850.6 | 18,450 |
| 20 | J.M. SMUCKER <i>Orrville</i> | 452 | 5,692.7 | 7,370 |
| 21 | WESTERN & SOUTHERN FINANCIAL GROUP <i>Cincinnati</i> | 479 | 5,356.4 | 2,168 |
| 22 | OWENS CORNING <i>Toledo</i> | 480 | 5,350.0 | 15,000 |

| RANK | Company, Headquarters | 500rank | REVENUES \$ millions | NO. OF EMPLOYEES |
|--------------|---------------------------------------|---------|-------------------------|---------------------|
| 23 | BIG LOTS <i>Columbus</i> | 495 | 5,190.6 | 23,650 |
| 24 | CINCINNATI FINANCIAL <i>Fairfield</i> | 499 | 5,141.8 | 4,493 |
| TOTAL | | | 593,078.7 | 1,246,486 |

| OKLAHOMA 5 COMPANIES | | | | |
|----------------------|--|-----|-----------------|---------------|
| 1 | NGL ENERGY PARTNERS <i>Tulsa</i> | 167 | 16,802.1 | 3,100 |
| 2 | DEVON ENERGY <i>Oklahoma City</i> | 216 | 13,145.0 | 5,167 |
| 3 | CHESAPEAKE ENERGY <i>Oklahoma City</i> | 223 | 12,764.0 | 4,400 |
| 4 | ONEOK <i>Tulsa</i> | 348 | 7,763.2 | 2,364 |
| 5 | WILLIAMS <i>Tulsa</i> | 364 | 7,360.0 | 6,578 |
| TOTAL | | | 57,834.3 | 21,609 |

| OREGON 3 COMPANIES | | | | |
|--------------------|-------------------------------------|-----|-----------------|----------------|
| 1 | NIKE <i>Beaverton</i> | 91 | 30,601.0 | 62,600 |
| 2 | PRECISION CASTPARTS <i>Portland</i> | 282 | 10,056.0 | 30,106 |
| 3 | LITHIA MOTORS <i>Medford</i> | 346 | 7,864.3 | 9,574 |
| TOTAL | | | 48,521.3 | 102,280 |

| PENNSYLVANIA 20 COMPANIES | | | | |
|---------------------------|--|-----|------------------|----------------|
| 1 | AMERISOURCEBERGEN <i>Chesterbrook</i> | 12 | 135,961.8 | 17,000 |
| 2 | COMCAST <i>Philadelphia</i> | 37 | 74,510.0 | 153,000 |
| 3 | RITEAID <i>Camp Hill</i> | 107 | 26,528.4 | 69,865 |
| 4 | KRAFT HEINZ <i>Pittsburgh</i> | 153 | 18,338.0 | 42,000 |
| 5 | PNC FINANCIAL SERVICES GROUP <i>Pittsburgh</i> | 171 | 16,270.0 | 50,831 |
| 6 | PPG INDUSTRIES <i>Pittsburgh</i> | 182 | 15,330.0 | 46,600 |
| 7 | ARAMARK <i>Philadelphia</i> | 199 | 14,329.1 | 216,500 |
| 8 | LINCOLN NATIONAL <i>Radnor</i> | 205 | 13,572.0 | 9,312 |
| 9 | UNITED STATES STEEL <i>Pittsburgh</i> | 244 | 11,574.0 | 33,200 |
| 10 | AIR PRODUCTS & CHEMICALS <i>Allentown</i> | 288 | 9,894.9 | 19,550 |
| 11 | UNIVERSAL HEALTH SERVICES <i>King of Prussia</i> | 290 | 9,784.7 | 64,500 |
| 12 | CROWN HOLDINGS <i>Philadelphia</i> | 321 | 8,762.0 | 24,000 |
| 13 | PPL <i>Allentown</i> | 350 | 7,669.0 | 12,799 |
| 14 | WESCO INTERNATIONAL <i>Pittsburgh</i> | 357 | 7,518.5 | 9,300 |
| 15 | HERSHEY <i>Hershey</i> | 362 | 7,386.6 | 19,885 |
| 16 | DICK'S SPORTING GOODS <i>Coraopolis</i> | 365 | 7,271.0 | 25,150 |
| 17 | UGI <i>King of Prussia</i> | 384 | 6,691.1 | 13,570 |
| 18 | ERIE INSURANCE GROUP <i>Erie</i> | 411 | 6,351.0 | 4,800 |
| 19 | GENESIS HEALTHCARE <i>Kennett Square</i> | 457 | 5,619.3 | 88,700 |
| 20 | AIRGAS <i>Radnor</i> | 484 | 5,304.9 | 17,000 |
| TOTAL | | | 408,666.3 | 937,562 |

| RHODE ISLAND 4 COMPANIES | | | | |
|--------------------------|--|-----|------------------|----------------|
| 1 | CVS HEALTH <i>Woonsocket</i> | 7 | 153,290.0 | 199,000 |
| 2 | TEXTRON <i>Providence</i> | 209 | 13,423.0 | 35,000 |
| 3 | UNITED NATURAL FOODS <i>Providence</i> | 335 | 8,185.0 | 8,700 |
| 4 | CITIZENS FINANCIAL GROUP <i>Providence</i> | 486 | 5,276.0 | 17,700 |
| TOTAL | | | 180,174.0 | 260,400 |

| SOUTH CAROLINA 1 COMPANY | | | | |
|--------------------------|-------------------------|-----|----------------|--------------|
| 1 | DOMTAR <i>Fort Mill</i> | 489 | 5,264.0 | 9,850 |
| TOTAL | | | 5,264.0 | 9,850 |

| TENNESSEE 11 COMPANIES | | | | |
|------------------------|-------------------------------|----|----------|---------|
| 1 | FEDEX <i>Memphis</i> | 58 | 47,453.0 | 323,035 |
| 2 | HCA HOLDINGS <i>Nashville</i> | 63 | 43,591.0 | 203,500 |

| RANK | Company, Headquarters | 500rank | REVENUES \$ millions | NO. OF EMPLOYEES |
|--------------|-----------------------------------|---------|-------------------------|---------------------|
| 3 | COMMUNITY HEALTH SYSTEMS Franklin | 125 | 22,678.0 | 123,000 |
| 4 | INTERNATIONAL PAPER Memphis | 127 | 22,365.0 | 56,000 |
| 5 | DOLLAR GENERAL Goodlettsville | 139 | 20,368.6 | 113,400 |
| 6 | UNUM GROUP Chattanooga | 265 | 10,731.3 | 9,400 |
| 7 | AUTOZONE Memphis | 280 | 10,187.3 | 63,990 |
| 8 | EASTMAN CHEMICAL Kingsport | 296 | 9,648.0 | 15,000 |
| 9 | TRACTOR SUPPLY Brentwood | 415 | 6,226.5 | 17,500 |
| 10 | LIFEPOINT HEALTH Brentwood | 430 | 6,014.4 | 40,000 |
| 11 | DELEK US HOLDINGS Brentwood | 445 | 5,762.0 | 4,584 |
| TOTAL | | | 205,025.1 | 969,409 |

| TEXAS 51 COMPANIES | | | | |
|--------------------|--|---------|-------------------------|---------------------|
| RANK | Company, Headquarters | 500rank | REVENUES \$ millions | NO. OF EMPLOYEES |
| 1 | EXXON MOBIL Irving | 2 | 246,204.0 | 75,600 |
| 2 | AT&T Dallas | 10 | 146,801.0 | 281,450 |
| 3 | PHILLIPS 66 Houston | 30 | 87,169.0 | 14,000 |
| 4 | VALERO ENERGY San Antonio | 32 | 81,824.0 | 10,103 |
| 5 | SYSCO Houston | 57 | 48,680.8 | 51,700 |
| 6 | ENERGY TRANSFER EQUITY Dallas | 65 | 42,126.0 | 30,078 |
| 7 | AMERICAN AIRLINES GROUP Fort Worth | 67 | 40,990.0 | 118,500 |
| 8 | CONOCOPHILLIPS Houston | 90 | 30,935.0 | 15,900 |
| 9 | TESORO San Antonio | 98 | 28,150.0 | 6,016 |
| 10 | ENTERPRISE PRODUCTS PARTNERS Houston | 104 | 27,027.9 | 6,800 |
| 11 | UNITED SERVICES AUTOMOBILE ASSN. San Antonio | 114 | 24,360.5 | 28,681 |
| 12 | HALLIBURTON Houston | 117 | 23,633.0 | 65,000 |
| 13 | PLAINS GP HOLDINGS Houston | 121 | 23,152.0 | 5,400 |
| 14 | TENET HEALTHCARE Dallas | 140 | 20,111.0 | 119,148 |
| 15 | SOUTHWEST AIRLINES Dallas | 142 | 19,820.0 | 49,583 |
| 16 | KIMBERLY-CLARK Irving | 151 | 18,591.0 | 43,000 |
| 17 | FLUOR Irving | 155 | 18,114.0 | 38,758 |
| 18 | BAKER HUGHES Houston | 178 | 15,742.0 | 43,000 |
| 19 | WHOLE FOODS MARKET Austin | 181 | 15,389.0 | 76,300 |
| 20 | NATIONAL OILWELL VARCO Houston | 192 | 14,757.0 | 47,262 |
| 21 | KINDER MORGAN Houston | 198 | 14,403.0 | 11,290 |
| 22 | HOLLYFRONTIER Dallas | 214 | 13,237.9 | 2,704 |
| 23 | TEXAS INSTRUMENTS Dallas | 219 | 13,000.0 | 29,977 |
| 24 | WASTE MANAGEMENT Houston | 221 | 12,961.0 | 40,600 |
| 25 | OCCIDENTAL PETROLEUM Houston | 225 | 12,699.0 | 11,100 |
| 26 | J.C. PENNEY Plano | 228 | 12,625.0 | 105,000 |
| 27 | D.R. HORTON Fort Worth | 260 | 10,824.0 | 6,230 |
| 28 | GROUP 1 AUTOMOTIVE Houston | 267 | 10,632.5 | 12,886 |
| 29 | HUNTSMAN The Woodlands | 277 | 10,299.0 | 15,000 |
| 30 | WESTERN REFINING El Paso | 289 | 9,787.0 | 7,347 |
| 31 | CST BRANDS San Antonio | 299 | 9,499.0 | 12,761 |
| 32 | GAMESTOP Grapevine | 302 | 9,363.8 | 40,600 |
| 33 | CAMERON INTERNATIONAL Houston | 319 | 8,782.0 | 23,000 |
| 34 | EOG RESOURCES Houston | 322 | 8,757.4 | 2,760 |
| 35 | ANADARKO PETROLEUM The Woodlands | 324 | 8,698.0 | 5,800 |
| 36 | DEAN FOODS Dallas | 336 | 8,121.7 | 16,960 |
| 37 | QUANTA SERVICES Houston | 352 | 7,632.4 | 24,500 |
| 38 | CENTERPOINT ENERGY Houston | 363 | 7,386.0 | 7,505 |
| 39 | TARGA RESOURCES Houston | 387 | 6,658.6 | 1,870 |
| 40 | APACHE Houston | 388 | 6,654.0 | 3,860 |
| 41 | CALPINE Houston | 402 | 6,472.0 | 2,209 |
| 42 | ALLIANCE DATA SYSTEMS Plano | 404 | 6,439.7 | 16,000 |
| 43 | TRINITY INDUSTRIES Dallas | 407 | 6,392.7 | 22,030 |
| 44 | FMCTECHNOLOGIES Houston | 410 | 6,362.7 | 17,400 |
| 45 | DR PEPPER SNAPPLE GROUP Plano | 413 | 6,282.0 | 19,000 |
| 46 | IHEARTMEDIA San Antonio | 414 | 6,241.5 | 18,700 |
| 47 | COMMERCIAL METALS Irving | 417 | 6,161.7 | 9,126 |

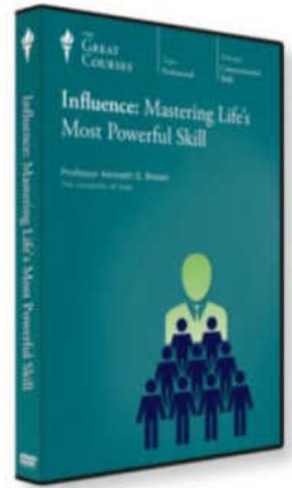
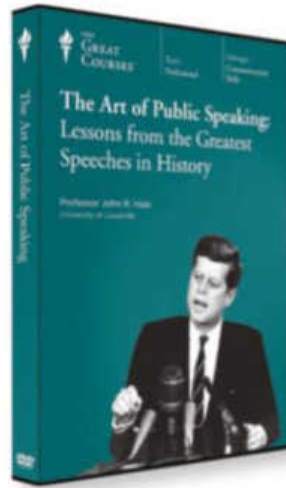
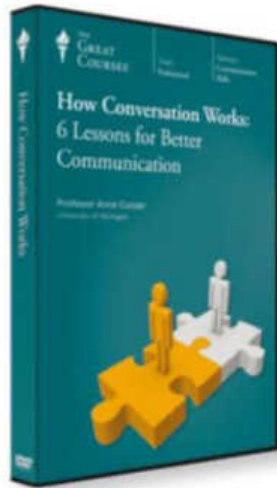
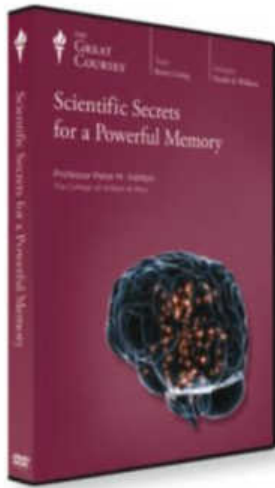
| RANK | Company, Headquarters | 500rank | REVENUES \$ millions | NO. OF EMPLOYEES |
|--------------|-------------------------------|---------|-------------------------|---------------------|
| 48 | MARATHON OIL Houston | 438 | 5,861.0 | 2,611 |
| 49 | CELANESE Irving | 453 | 5,674.0 | 7,081 |
| 50 | ENERGY FUTURE HOLDINGS Dallas | 475 | 5,370.0 | 8,860 |
| 51 | SPECTRA ENERGY Houston | 493 | 5,234.0 | 6,250 |
| TOTAL | | | 1,242,089.8 | 1,637,296 |

| VIRGINIA 21 COMPANIES | | | | |
|-----------------------|--|---------|-------------------------|---------------------|
| RANK | Company, Headquarters | 500rank | REVENUES \$ millions | NO. OF EMPLOYEES |
| 1 | FREDDIE MAC McLean | 43 | 63,491.0 | 5,439 |
| 2 | GENERAL DYNAMICS Falls Church | 88 | 31,469.0 | 99,900 |
| 3 | CAPITAL ONE FINANCIAL McLean | 112 | 25,098.0 | 45,400 |
| 4 | NORTHROP GRUMMAN Falls Church | 118 | 23,526.0 | 65,000 |
| 5 | ALTRIA GROUP Richmond | 149 | 18,854.0 | 8,800 |
| 6 | DOLLAR TREE Chesapeake | 180 | 15,498.4 | 111,550 |
| 7 | PERFORMANCE FOOD GROUP Richmond | 185 | 15,270.0 | 12,000 |
| 8 | AES Arlington | 190 | 14,963.0 | 21,000 |
| 9 | CARMAX Richmond | 191 | 14,873.6 | 22,064 |
| 10 | COMPUTER SCIENCES Falls Church | 233 | 12,183.0 | 70,000 |
| 11 | DOMINION RESOURCES Richmond | 243 | 11,683.0 | 14,700 |
| 12 | WESTROCK Richmond | 251 | 11,381.3 | 41,400 |
| 13 | HILTON WORLDWIDE HOLDINGS McLean | 254 | 11,272.0 | 164,000 |
| 14 | NORFOLK SOUTHERN Norfolk | 270 | 10,511.0 | 30,456 |
| 15 | OWENS & MINOR Mechanicsville | 291 | 9,772.9 | 8,100 |
| 16 | ADVANCE AUTO PARTS Roanoke | 293 | 9,737.0 | 56,500 |
| 17 | GENWORTH FINANCIAL Richmond | 306 | 9,249.0 | 4,100 |
| 18 | HUNTINGTON INGALLS INDUSTRIES Newport News | 378 | 7,020.0 | 35,995 |
| 19 | MARKEL Glen Allen | 476 | 5,370.0 | 10,600 |
| 20 | BOOZ ALLEN HAMILTON HOLDING McLean | 487 | 5,274.8 | 22,500 |
| 21 | NVR Reston | 498 | 5,169.6 | 4,300 |
| TOTAL | | | 331,666.6 | 853,804 |

| WASHINGTON 10 COMPANIES | | | | |
|-------------------------|--|---------|-------------------------|---------------------|
| RANK | Company, Headquarters | 500rank | REVENUES \$ millions | NO. OF EMPLOYEES |
| 1 | COSTCO WHOLESALE Issaquah | 15 | 116,199.0 | 161,000 |
| 2 | AMAZON.COM Seattle | 18 | 107,006.0 | 230,800 |
| 3 | MICROSOFT Redmond | 25 | 93,580.0 | 118,000 |
| 4 | STARBUCKS Seattle | 146 | 19,162.7 | 238,000 |
| 5 | PACCAR Bellevue | 147 | 19,115.1 | 23,000 |
| 6 | NORDSTROM Seattle | 197 | 14,437.0 | 72,500 |
| 7 | WEYERHAEUSER Federal Way | 373 | 7,082.0 | 12,600 |
| 8 | EXPEDIA Bellevue | 385 | 6,672.3 | 18,730 |
| 9 | EXPEDITORS INTL. OF WASHINGTON Seattle | 390 | 6,616.6 | 15,397 |
| 10 | ALASKA AIR GROUP Seattle | 459 | 5,598.0 | 13,858 |
| TOTAL | | | 395,468.7 | 903,885 |

| WISCONSIN 10 COMPANIES | | | | |
|-------------------------|---|---------|-------------------------|---------------------|
| RANK | Company, Headquarters | 500rank | REVENUES \$ millions | NO. OF EMPLOYEES |
| 1 | JOHNSON CONTROLS Milwaukee | 70 | 40,204.0 | 139,000 |
| 2 | NORTHWESTERN MUTUAL Milwaukee | 100 | 28,111.0 | 5,530 |
| 3 | MANPOWERGROUP Milwaukee | 144 | 19,329.9 | 27,000 |
| 4 | KOHL'S Menomonie Falls | 145 | 19,204.0 | 86,000 |
| 5 | AMERICAN FAMILY INSURANCE GROUP Madison | 332 | 8,286.1 | 9,843 |
| 6 | ROCKWELL AUTOMATION Milwaukee | 412 | 6,307.9 | 22,500 |
| 7 | OSHKOSH Oshkosh | 424 | 6,098.1 | 13,300 |
| 8 | HARLEY-DAVIDSON Milwaukee | 432 | 5,995.4 | 6,300 |
| 9 | WECENERGY GROUP Milwaukee | 437 | 5,926.1 | 8,211 |
| 10 | FISERV Brookfield | 492 | 5,254.0 | 22,000 |
| TOTAL | | | 144,716.5 | 339,684 |
| TOTAL ALL STATES | | | 11,995,015.2 | 27,870,072 |

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The Drive to Fix Tech's Diversity Problem

With a wider range of perspectives comes stronger business decision-making.

IN 1975, "diversity" was not a buzzword in the American workplace lexicon, and people of color and women were drastically underrepresented in many careers. That year, Earl Pace, Jr. co-founded Black Data Processing Associates (BDPA). "We believed the disparity between the demand for IT professionals and the existing supply of prepared African Americans and other people of color presented an opportunity," says Pace. "We were committed to filling that void."

Today, technology remains overly homogeneous, dominated by white and Asian males. But forward-thinking companies and organizations like BDPA are working to solve the problem. For example, "Over 30 years, we've taught 12,000 kids to code," says BDPA President Mike A. Williams. "Even before they were calling STEM, STEM!"

According to a Computing Research Association survey last year of 121 top North American colleges, black students earned 4.1% of bachelor's degrees in computer science, information technology, and computer engineering—yet on average comprised only

2% of technology workers at seven top Silicon Valley firms willing to disclose staff demographics. Hispanic graduates also outnumbered black hires two to one.

While many companies have diversified their technology workforce, much of corporate America has not, especially in Silicon Valley, says Williams: "When Google and Yahoo report that only 1% of their workforce is black, and Apple 7%, you know it's just the tip of the iceberg. The biggest problem is there are no consequences for failing to diversify."

It makes good business sense to diversify. At Southwest Airlines, where technology is crucial to nearly all aspects of its operations, "we know the

importance of having a diverse workforce and how that benefits our bottom line," says Shari Conaway, director of recruitment at Southwest. "We really value everybody's unique perspectives, because those perspectives drive better business decisions."

The airline, which was the first to create a profit-sharing plan and has never had a layoff, created a Diversity Council, comprising of employees at all levels companywide. These Diversity Council members provide a direct line of communication with executives to ensure that the company's inclusive work environment welcomes participation in pursuit of organizational goals through collaborative and respectful relationships. "Southwest Airlines endorses an innovative, dynamic workplace where employees feel supported by one another and have the opportunity to advance and thrive," says Conaway. Appreciating fellow employees and celebrating inclusion is fostered through a dialogue series called "The Power of Inclusion," featuring events for International Women's Day, LGBT Pride

Month, Veterans Day, and Asian Pacific American Heritage Month, to name a few.

The company also maintains a Supplier Diversity Program and works with organizations such as the Alliance of Technology and Woman and the Organization of Black Aerospace Professionals. And it conducts extensive campus outreach at over 100 universities.

"From the classroom to the boardroom" is an approach BDPA supports, too. Among its many initiatives are training programs for students and scholarships funded by partner companies, along with leadership training for professionals. And BDPA offers a skilled talent pool on its jobs board, where companies can source candidates. Progress is inching forward: Google's head of black community engagement will be speaking at the organization's 38th annual Technology Conference in August.

"The good news is that companies are aware there is a problem," says Williams. "The question will be, what do they plan to do about it?" ●





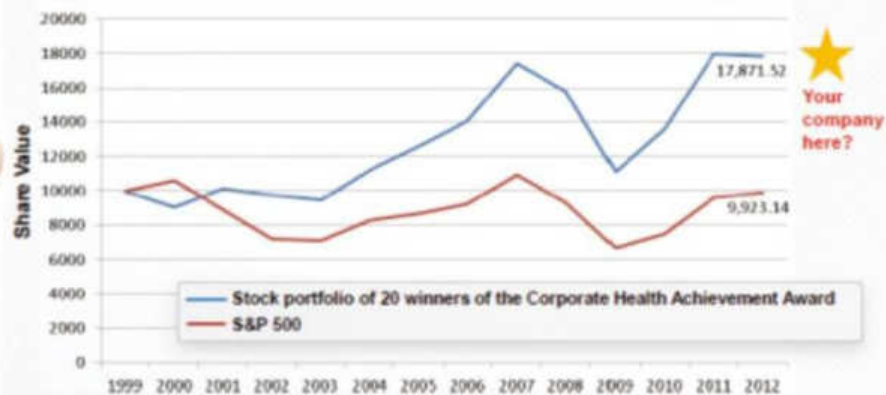
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COMPANIES WITH A CULTURE OF HEALTH OUTPERFORM THE MARKET.



Source: JOEM, "The link between workforce health and safety and the health of the bottom line," Fabius et. al, Sept 2013.

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**Exciting career opportunities for executive education await
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There's little doubt that big data—using analytics to understand customer behavior, develop new products, and cut operational costs—is transforming the way business gets done today. As a result, MBA programs and executive education offerings are now providing a new path in this exciting space.

The opportunities are creating big changes—and need—in the IT field. A report by consulting firm McKinsey & Co. forecasts that in the years ahead there will be a significant shortage of big-data talent in the U.S., and that by 2018 the country could face a shortfall of 140,000 to 190,000 workers with deep analytical skills, including “managers and analysts who know how to operate companies by using insights from big data.” The report projects a need for 1.5 million managers and analysts who are able to ask the right questions and use big-data analysis effectively.

But, as Leo Vijayasathy, an associate professor of computer information systems in the College of Business at Colorado State University (CSU), points out, all the right pieces need to be in place. “Just because someone has a background in IT doesn’t mean those skills naturally carry over into a career in big data,” he says.

At CSU, online MBA students—who typically have been in their careers for 10 to 15 years—can tap into course offerings that develop managers’ understanding of the role that big data can play in reshaping and optimizing

organizational performance. For instance, the business school offers a graduate certificate in Business Intelligence that can be used to complement an MBA or function as a stand-alone component of professional development. The courses involve harnessing vast data stores to solve problems, enhance decision-making, and discover new opportunities. Vijayasathy explains that this approach combines business intelligence with data mining, analytics, and visualization to optimize, forecast, detect, predict, classify, and discover new ways of using data to make a business more productive and efficient.

Clearly, today’s MBAs must be adept at harnessing the immense potential of big data. “Our Wisconsin MBA students learn about big-data technology and are well versed in digital analytics,” says Neeraj Arora, professor of marketing and executive director of the A.C. Nielsen Center for Marketing Research at the Wisconsin School of Business at the University of Wisconsin–Madison. “They are highly prepared to lead data scientists on business teams.” MBA students specializing in marketing research at UW are immersed in the latest methods, design, and technology—tools that equip them to make strategic business decisions using a big-data perspective.

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the U.S.: living, breathing examples of small-business owners who are driving our economic recovery. Many are franchisees, and their companies—everything from fast-food restaurants and hair salons to in-home senior care services and fitness facilities—are generating jobs, spending, and growth in the U.S. economy.

"We often overlook the economic impact that franchises have in the communities where they operate," says John Reynolds, president of the International Franchise Association (IFA) Educational Foundation. "The people who work for them and the consumers who buy their goods and services live nearby, so all that activity stays local and helps to drive job and overall growth."

The figures bear this out. According to recent research by the IFA, the Washington, D.C., trade group that represents franchisors, the number of new jobs created by franchised businesses in 2016 will increase 3.1%, to over 9 million workers, outpacing the growth of employment in all businesses economy-wide, as it has in each of the past five years. Overall combined revenues for these franchised companies—which will number close to 800,000 by year's end—will approach \$945 billion, a healthy 5.8% increase over 2015.

The franchise concepts you'll read about here were started by entrepreneurs who saw an opportunity or a need that motivated them to create a business. The decision to franchise a business concept is certainly a financial one, but it is also a chance for innovators to help other would-be



FRANCHISING IS CREATING NEW JOBS AND DRIVING ECONOMIC DEVELOPMENT IN THE RETAIL AND SERVICE SECTORS.

entrepreneurs.

Consider Sport Clips Haircuts. In the early 1990s, founder and CEO Gordon Logan saw potential in the men's and boys' haircut market. Today, Sport Clips has more than 1,500 locations across 50 states and 22 locations in Canada; Logan estimates that another 150 to 160 locations will open in the next year. He says the company has created over 15,000 jobs and has given millions of dollars to charity.

Another franchise in the haircut space is Great Clips. It has more than 3,900 salons in the U.S. where men and women can walk in without an appointment. COO Rob Goggins says the company is on track to add 200 to 250 new salons per year for the next several years.

Omaha-based Right at Home is an in-home senior care and home health care service. The company was started in 2001, and Eric Little, chief development officer, claims that its 448 franchisees have provided care for over 80,000 clients. Those who want to own a Right at Home franchise "want to do work that matters," Little says.

The concept offers services to the elderly, including shopping, cooking, cleaning, and errand services, as well as personal care, where a certified nursing aide helps the client with showering, dressing, and other hygiene needs. Little says its franchise candidates are often attracted to the concept because they have experience with an aging loved one. "They have seen firsthand the benefit of enabling people to stay in their own homes," he says.

Franchises bolster the community, IFA's Reynolds points out. For example, through direct mail, Our Town America connects families new in a neighborhood—"new movers"—with local businesses. "We focus on elevating the success of neighborhood businesses and locally owned franchises," says CEO Michael Plummer Jr.

When a franchised business creates jobs that help others find jobs, that's a win-win. Express Employment Professionals is a leading staffing franchise, with 764 locations throughout the U.S. and Canada, and plans to expand to 800 this year. David Lewis, vice president of franchising for the Oklahoma City-based company, says the average Express

franchisee finds jobs for 650 people per year.

Service businesses have always been a strong component of the U.S. franchising sector, and that trend is likely to continue, according to the IFA. Two such concepts are Cruise Planners, the home-based travel planning company, and Cantina Laredo, a Mexican restaurant chain. Cruise Planners has 1,400 franchises in all 50 states, and co-founder and CEO Michelle Fee says it has been adding new franchises at a rate of about 300 a year for the past three years. John Harkey Jr., CEO of Consolidated Restaurant Operations, the parent company of Cantina Laredo, says the concept is the fastest-growing of the company's eight restaurant brands, with 38 locations in 16 states and the goal of 75 restaurants operating in the next three years.

One of the newer franchise concepts is the pool maintenance service Pool Scouts. The company started franchising in January with its low-cost, home-based seasonal business that can be built as a recurring service focused on high customer retention.

Dallas-based HomeVestors of America has a longer history: Since 1996 its franchises have been buying, repairing, and selling run-down homes. David Hicks, co-president of the company, lauds its 700 franchises for "improving neighborhoods one house at a time."

One of the fastest-growing concepts in franchising is fitness. Since it started franchising in 2006, Retro Fitness has 145 open locations with dozens more in development. Its high-value, low-cost fitness model gives owners a predictable monthly income from membership dues while ancillary offerings like personal training, group exercise classes, and a juice bar create additional revenue streams. Jason Mattes, the company's chief development officer, says the brand's emphasis on well-being, unit economics, and streamlined operations along with its opportune market timing are the primary driving forces behind Retro Fitness's rapid growth. "Our clubs not only contribute to the economic health of the communities in which we operate," he says, "but also to the physical well-being of our members." ●

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^{#2}Average gross margin in 2015 of 367 Franchise Businesses open 12 months for more as of December 31, 2015; 189 or 51% of these Franchise Businesses obtained or surpassed the represented level of financial performance.

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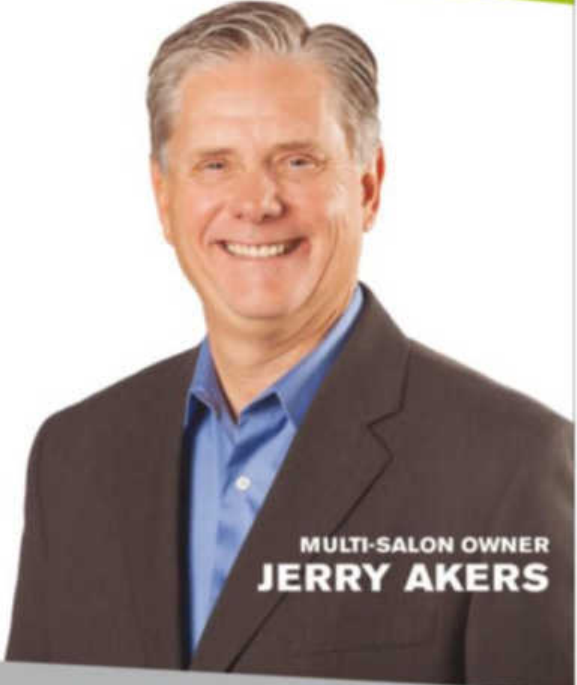
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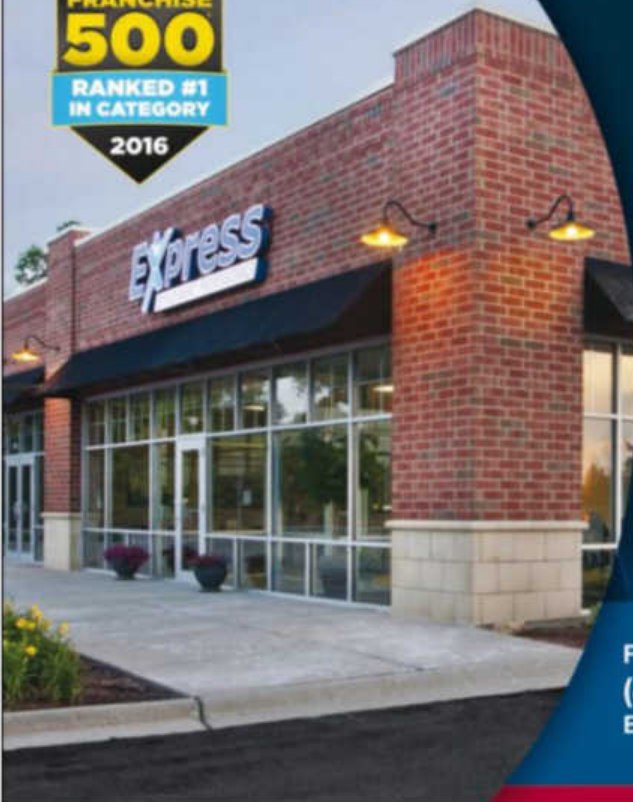
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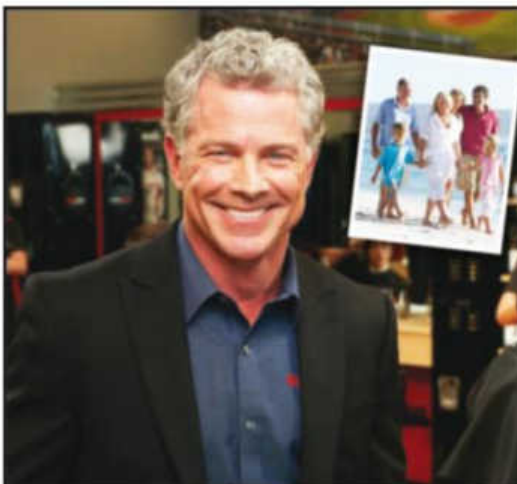
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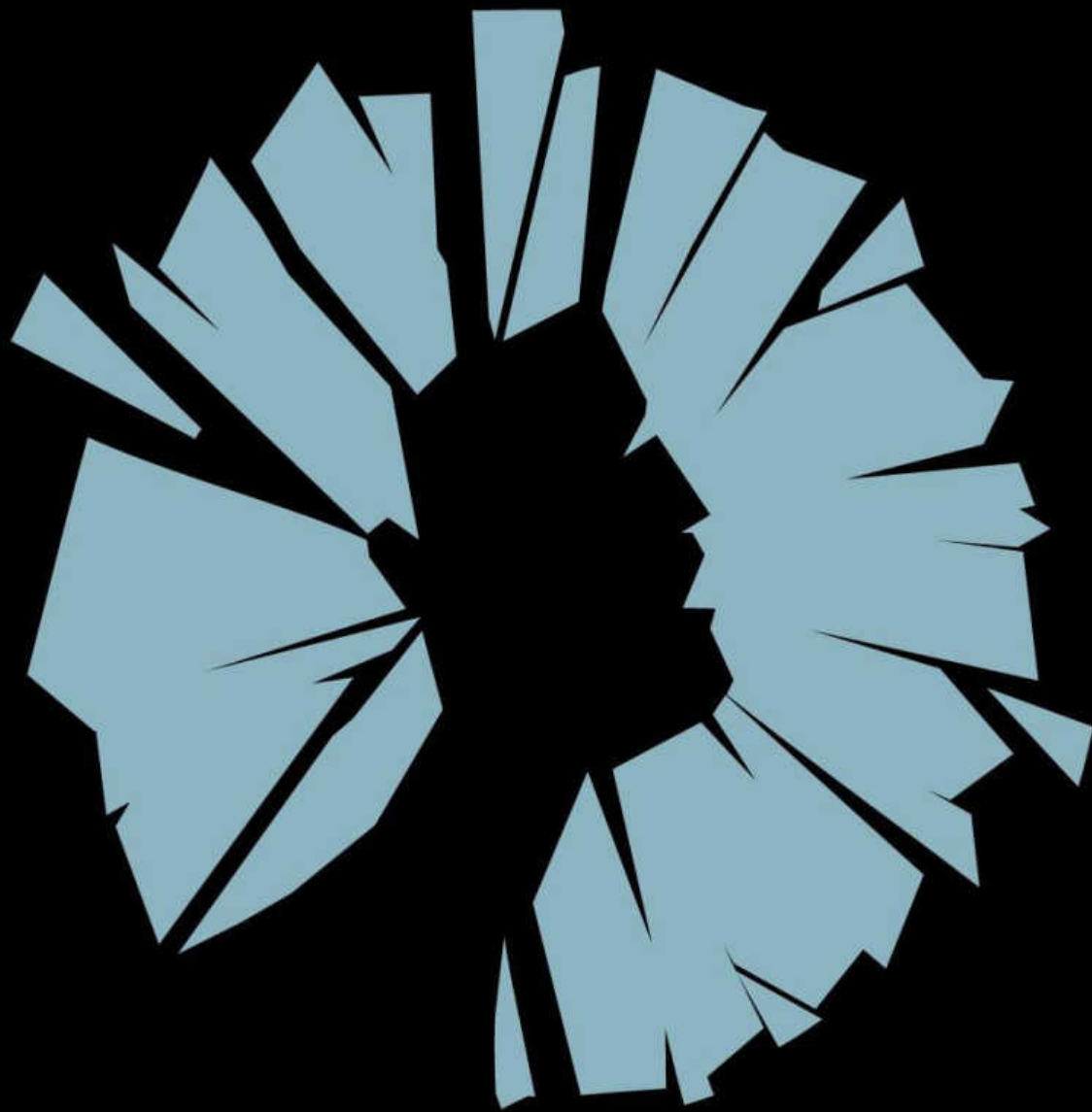
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THE RAVEN 2.0

Investment advice from a bird who gets the score.

By Stanley Bing

Once upon a day so hairy, when the Dow turned red and scary
And the bulk of my investments fell into a pit of gore—
While I wondered, nearly weeping, suddenly there came a peeping
As of something gently creeping, creeping to my office door.
“’Tis some analyst,” I muttered, “skulking round my office door—
I really wish he’d called before.”

Ah, distinctly I recall it! Oil and gas were in the toilet;
Every share of the tech sector lay in ruins on the floor;
Eagerly I sought to short them! Stupid me for having bought them!
Sorrow crushed me as I saw the shredded cabbage I adore
Cast forever like some worthless spittle in a cuspidor.
Gone away forevermore.

Presently I figured, okay, it seems the guy’s not going away.
“Sir,” said I, “or Madam, I won’t keep you waiting anymore;
But the fact is, I was grumbling, ’bout my net worth, which
is crumbling,

And so when you came a stumbling, mumbling by my office door,
I thought you were the Xerox rep”—here, I opened wide the door;
A raven standing on the floor.

“Good morning,” said the tubby bird, who offered then no
further word,
Except to add, “You’re up the creek, my friend, without a decent oar.”
Then it tiptoed to the edge of my credenza’s farthest ledge;
And posed itself, a stuffed and mounted creature from
forgotten lore.
“Oh!” I cried. “Don’t leave me hanging! Please, I beg you,
tell me more!”
Quoth the raven: “Shut the door.”

I did so quick, with little rancor. (He looked like an investment
banker;
And I always listen to the suits who run the candy store.)
Then, I thought, the air grew thicker; fibrillation hit my ticker;
“Wretch!” I cried. “What is your wisdom? Tell me! Tell me!
I implore!
What’s the chance I can recoup the value of my dwindling store?”
Quoth the raven: “Pretty poor.”

“The thing you did,” the raven said, “was to put your
precious bread
Into equities that rise and fall like night’s Plutonian shore.
The market’s an atomic pile, emotional and volatile;
And you, you dolt, are playing with a nut whose loss you
can’t ignore!
You’re grazing in a field of raptors and you’re just an herbivore!”
Quoth the raven: “Sí, señor.”

“Prophet!” said I, “Second-guesser! Who elected you professor
Come from Hell to validate the fiscal nightmares I abhor!
Tell this soul with sorrow laden, even as my hopes are fadin’
Whether I shall ever understand this process at its core;
Grasp the workings of the monster housed inside the
market’s floor!”
Quoth the raven: “Nevermore.”

And the raven, never flitting, still is sitting, unremitting,
On the edge of my credenza just inside my office door;
I must tell you, it’s a downer to be with this feathered frowner.
And yet—the news is that I am a little up from just a month before!
I’ll show it, with a little luck! And come back with a mighty roar!
Pluck that raven—evermore! **R**

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